

HB0229S02 compared with HB0229S01

~~Omitted text~~ shows text that was in HB0229S01 but was omitted in HB0229S02
inserted text shows text that was not in HB0229S01 but was inserted into HB0229S02

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1

Restricted Account Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jennifer Dailey-Provost

Senate Sponsor:

2

LONG TITLE

4 General Description:

5 This bill modifies provisions related to restricted accounts.

6 **Highlighted Provisions:**

7 This bill:

8 ▶ modifies provisions that govern the {amount} permissible uses of {certain distributions from
} funds in the Tobacco Settlement Restricted Account and the Electronic Cigarette Substance and
Nicotine Product Proceeds Restricted Account;

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

12 ▶ {~~addresses discretionary funding~~} directs how to satisfy legislative appropriations from the
Tobacco Settlement Restricted Account {and} or the Electronic Cigarette Substance and Nicotine
Product Proceeds Restricted Account when {~~funds in the accounts are insufficient to cover the~~
~~discretionary funding~~} the total appropriated amounts exceed actual revenue; {and}

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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to the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account before the provisions are repealed in accordance with existing statute{.} ; and

17 ▶ **makes technical and conforming changes.**

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill provides a special effective date.

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **51-9-201 (Effective 07/01/26)**, as last amended by Laws of Utah 2023, Chapter 328

25 **59-14-807 (Effective 07/01/26)**, as last amended by Laws of Utah 2025, Chapters 173, 366

27 **63I-1-259 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 270

28 **63I-2-259 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapters 157, 182, 277, and 366

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

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

32 **51-9-201. Creation of Tobacco Settlement Restricted Account.**

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

35 Restricted Account."

37 (2) The account shall earn interest.

38 (3) The account shall consist of:

39 (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

42 (b) interest earned on the account.

43 (4)

44 (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] **To the extent there are available funds in**

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the Tobacco Settlement Restricted Account, the Legislature shall appropriate funds from the account as follows:

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

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

49 [(e)] (iii) [\$11,022,900] to the Department of Health and Human Services for:

51 [(f)] (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

54 [(ii)] (B) for restoration of dental benefits in the Children's Health Insurance Program;

56 [(d)] (iv) [\$3,277,100] 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;

61 [(e)] (v) and

62 [(e)] (v) [\$193,700] to the Administrative Office of the Courts and [\$2,325,400] to
the Department of Health and Human Services for the statewide expansion of the drug court
program~~;~~ and ~~;~~

64 [(f) \$4,000,000 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]

67 [(g) {(vi)} any remaining funds as directed by the Legislature through appropriation.]

68 (b)

{(i)} As used When appropriating money in accordance with this {subsection} section,
{"discretionary appropriation" means a legislative} the Legislature shall include intent language for
each appropriation that {is:} refers to the corresponding item in Subsection (4)(a).

70 (A) {(c)} an ongoing appropriation from If the total amount the Legislature appropriates in
a fiscal year for the items described in Subsections (4)(a)(i) through (v) exceeds the actual
available funds in the Tobacco Settlement Restricted Account {to a program}, the Division of

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Finance shall make transfers to satisfy the Legislature's appropriation for each item described in Subsections (4)(a)(i) through (vi); and} Subsection (4)(a):

72 (B){(i) sequentially in {addition to } the {amount } order listed {in Subsection (4)(a) for that program.} ;

73 (ii) {If, after making each distribution listed} in {Subsection (4)(a)(i) through (vi)} full or, {the amount remaining in the Tobacco Settlement Restricted Account is} if insufficient funds are available to {cover the total amount of discretionary appropriations} satisfy that item, {the Legislature shall make the discretionary appropriations:} in part; and

77 (A){(iii) {sequentially } until the available funds in the {order the programs are listed under Subsection (4)(a)(i) through (vi);} Tobacco Settlement Restricted Account are exhausted.

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

81 {(C)} {{until the available funds in the Tobacco Settlement Restricted Account for discretionary appropriations are exhausted.}} }

83 {(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 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);}} }

88 {(A)} {sequentially in the order of priority the distributions are listed under Subsection (4)(a);} }

90 {(B)} {{in full or, if insufficient funds are available to satisfy the next distribution in the sequence, in part; and}} }

92 {(C)} {{until the available funds in the Tobacco Settlement Restricted Account are exhausted.}} }

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

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

97 (1) There is created within the General Fund a restricted account known as the "Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account."

99 (2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account consists of:

101 (a) revenue collected from the tax imposed by Section 59-14-804;

102 (b) fees and penalties collected under Section 59-14-810;

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(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:

107 (i) if the total amount of the judgment, settlement, or compromise received by the state exceeds \$1,000,000; and

109 (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

111 (d) amounts appropriated by the Legislature.

112 (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 funds from the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account as follows:

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

121 (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;

125 (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;

129 (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;

133 (v) [\$1,000,000]to the Department of Health and Human Services for statewide cessation programs and prevention education;

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(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

139 (vii) ~~[\$5,084,200]~~ to the State Board of Education for school-based prevention programs.

141 {~~(b)~~}

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

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

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

148 {~~(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:~~}

149 {~~(A) sequentially in the order the programs are listed under Subsection (3)(a);~~}

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

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

152 {[~~(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),

153 ~~the Division of Finance shall make the distributions under Subsection (3)(a):~~

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

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

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

157 (b) When appropriating money in accordance with this section, the Legislature shall include intent language for each appropriation that refers to the corresponding item in Subsection (3)(a).

158 (c) If the total amount the Legislature appropriates for the items described in Subsections (3)(a)(i) through (vii) in a fiscal year exceeds the actual available funds in the Electronic Cigarette Substance

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and Nicotine Product Proceeds Restricted Account, the Division of Finance shall make transfers to satisfy the Legislature's appropriation for each item described in Subsection (3)(a):

(i) sequentially in the order listed;

(ii) in full or, if insufficient funds are available to satisfy that item, in part; and

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

[e] (d) 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:

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

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

(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.

(4)

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

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

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

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

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

(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.

(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);

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

195 (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

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

199 (5)

200 (a) The fund shall earn interest.

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

201 (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:

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

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

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

191 **63I-1-259. Repeal dates: Title 59.**

210 (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.

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

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

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

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

220 (6) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1,
2029.

222 (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.

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224 (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.

226 [(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.

210 Section 4. Section **63I-2-259** is amended to read:

211 **63I-2-259. Repeal dates: Title 59.**

230 (1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December 31, 2026.

232 (2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.

234 (3) Subsection 59-10-137(3)(b)(viii), referencing Section 59-10-1037, is repealed December 31, 2026.

236 (4) Section 59-10-1037, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.

238 [(5) Subsection 59-14-807(3)(a)(iii), regarding the Youth Electronic Cigarette, Marijuana, and Other
Drug Prevention Committee, is repealed July 1, 2030.]

240 [(6) Subsection 59-14-807(4)(b), regarding the Youth Electronic Cigarette, Marijuana, and Other Drug
Prevention Committee, is repealed July 1, 2030.]

242 [(7)] (5) Section 59-24-103.8, Radioactive waste facility expansion tax -- Payment -- Deposit of tax
revenue, is repealed July 1, 2026.

226 Section 5. **Effective date.**

Effective Date.

245 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.

246 (2) The actions affecting the following sections take effect on July 1, 2026:

247 (a) Section 51-9-201 (Effective 07/01/26); and

248 (b) Section 59-14-807 (Effective 07/01/26).

1-29-26 12:18 PM