HB0337S03 compared with HB0337

~~{Omitted text}~~ shows text that was in HB0337 but was omitted in HB0337S03
inserted text shows text that was not in HB0337 but was inserted into HB0337S03

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Nicotine Product Tax Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tyler Clancy

Senate Sponsor:Jerry W Stevenson

LONG TITLE

General Description:

This bill modifies {~~taxes applicable~~ } provisions related to nicotine {~~products~~} product taxes.

Highlighted Provisions:

This bill:

- increases the {~~rate~~ } rates of the {~~tax~~ } taxes levied on cigarettes, electronic cigarettes, and nontherapeutic nicotine devices;
- {~~replaces a weight-based tax rate for moist snuff and alternative nicotine products with~~ } applies a tax rate based on a percentage of the manufacturer's sales price{~~;~~} to moist snuff and alternative nicotine products; and
- {~~**repeals provisions providing for a tax rate reduction for certain modified risk tobacco products; and**~~}
- makes technical {~~and conforming~~ } changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

HB0337

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-14-204 , as last amended by Laws of Utah 2016, Chapter 168

59-14-302 , as last amended by Laws of Utah 2020, Chapter 347

59-14-804 , as last amended by Laws of Utah 2023, Chapter 300

REPEALS:

~~**{59-14-104 , as enacted by Laws of Utah 2020, Chapter 347}**~~

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

Section 1. Section **59-14-204** is amended to read:

59-14-204. Tax basis -- Rate -- Future increase -- Cigarette Tax Restricted Account -- Appropriation and expenditure of revenues.

(1) Except for cigarettes described under Subsection 59-14-210(3), there is levied a tax upon the sale, use, storage, or distribution of cigarettes in the state.

(2) The [~~rates of the tax levied under Subsection (1) are, beginning on July 1, 2010:~~] rate of the tax levied under Subsection (1) is {~~18.5~~ } 15 cents on each cigarette.

[~~(a) 8.5 cents on each cigarette, for all cigarettes weighing not more than three pounds per thousand cigarettes; and~~]

[~~(b) 9.963 cents on each cigarette, for all cigarettes weighing in excess of three pounds per thousand cigarettes.~~]

(3) Except as otherwise provided under this chapter, the tax levied under Subsection (1) shall be paid by any person who is the manufacturer, jobber, importer, distributor, wholesaler, retailer, user, or consumer.

(4) The tax rates specified in this section shall be increased by the commission by the same amount as any future reduction in the federal excise tax on cigarettes.

(5)

(a) There is created within the General Fund a restricted account known as the "Cigarette Tax Restricted Account."

(b) The Cigarette Tax Restricted Account consists of:

(i) the first $7,950,000 of the revenues collected from a tax under this section; and

(ii) any other appropriations the Legislature makes to the Cigarette Tax Restricted Account.

(c) For each fiscal year beginning with fiscal year 2011-12 and subject to appropriation by the Legislature, the Division of Finance shall distribute money from the Cigarette Tax Restricted Account as follows:

(i) $250,000 to the Department of Health to be expended for a tobacco prevention and control media campaign targeted towards children;

(ii) $2,900,000 to the Department of Health to be expended for tobacco prevention, reduction, cessation, and control programs;

(iii) $2,000,000 to the University of Utah Health Sciences Center for the Huntsman Cancer Institute to be expended for cancer research; and

(iv) $2,800,000 to the University of Utah Health Sciences Center to be expended for medical education at the University of Utah School of Medicine.

(d) In determining how to appropriate revenue deposited into the Cigarette Tax Restricted Account that is not otherwise appropriated under Subsection (5)(c), the Legislature shall give particular consideration to enhancing Medicaid provider reimbursement rates and medical coverage for the uninsured.

Section 2. Section **59-14-302** is amended to read:

59-14-302. Tax basis -- Rates.

(1) As used in this section:

(a) "Manufacturer's sales price" means the amount the manufacturer of a tobacco product charges after subtracting a discount.

(b) "Manufacturer's sales price" includes an original Utah destination freight charge, regardless of:

(i) whether the tobacco product is shipped f.o.b. origin or f.o.b. destination; or

(ii) who pays the original Utah destination freight charge.

(2) There is levied a tax upon the sale, use, or storage of tobacco products in the state.

(3)

(a) Subject to Subsection (3)(b), the tax levied under Subsection (2) shall be paid by the manufacturer, jobber, distributor, wholesaler, retailer, user, or consumer.

(b) The tax levied under Subsection (2) on a cigarette produced from a cigarette rolling machine shall be paid by the cigarette rolling machine operator.

(4) For tobacco products except for{[moist snuff,]} a little cigar{[,]} or a cigarette produced from a cigarette rolling machine, the amount of the tax under this section is .86 multiplied by the manufacturer's sales price.

(5) The amount of the tax under this section on moist snuff is .56 multiplied by the manufacturer's sales price.

[~~(5)~~

~~(a) Subject to Subsection (5)(b), the tax under this section on moist snuff is imposed:~~]

[~~(i) at a rate of $1.83 per ounce; and~~]

[~~(ii) on the basis of the net weight of the moist snuff as listed by the manufacturer.~~]

[~~(b) If the net weight of moist snuff is in a quantity that is a fractional part of one ounce, a proportionate amount of the tax described in Subsection (5)(a) is imposed:~~]

[~~(i) on that fractional part of one ounce; and~~]

[~~(ii) in accordance with rules made by the commission in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.~~]

{[(6){]} {~~(5)~~}}

(a) A little cigar is taxed at the same tax rates as a cigarette is taxed under Subsection 59-14-204(2).

(b)

(i) Subject to Subsection {[(6)(b)(ii){]} ~~(5)(b)(ii)~~}, a cigarette produced from a cigarette rolling machine is taxed at the same tax rates as a cigarette is taxed under Subsection 59-14-204(2).

(ii) A tax under this Subsection {[(6)(b){]} ~~(5)(b)~~} is imposed on the date the cigarette is produced from the cigarette rolling machine.

{[(7){]} {~~(6)~~}}

(a) Moisture content of a tobacco product is determined at the time of packaging.

(b) A manufacturer who distributes a tobacco product in, or into, Utah, shall:

(i) for a period of three years after the last day on which the manufacturer distributes the tobacco product in, or into, Utah, keep valid scientific evidence of the moisture content of the tobacco product available for review by the commission, upon demand; and

(ii) provide a document, to the person described in Subsection (3) to whom the manufacturer distributes the tobacco product, that certifies the moisture content of the tobacco product, as verified by the scientific evidence described in Subsection {[(7)(b)(i){]} ~~(6)(b)(i)~~}.

(c) A manufacturer who fails to comply with the requirements of Subsection {[(7)(b){]} ~~(6)(b)~~} is liable for the nonpayment or underpayment of taxes on the tobacco product by a person who relies, in good faith, on the document described in Subsection {[(7)(b)(ii){]} ~~(6)(b)(ii)~~}.

(d) A person described in Subsection (3) who is required to pay tax on a tobacco product:

(i) shall, for a period of three years after the last day on which the person pays the tax on the tobacco product, keep the document described in Subsection {[(7)(b)(ii){]} ~~(6)(b)(ii)~~} available for review by the commission, upon demand; and

(ii) is not liable for nonpayment or underpayment of taxes on the tobacco product due to the person's good faith reliance on the document described in Subsection {[(7)(b)(ii){]} ~~(6)(b)(ii)~~}.

Section 3. Section **59-14-804** is amended to read:

59-14-804. Taxation of electronic cigarette substance, prefilled electronic cigarette, alternative nicotine product, nontherapeutic nicotine device substance, and prefilled nontherapeutic nicotine device.

(1)

(a) Beginning on July 1, 2020, a tax is imposed upon the following:

(i) an electronic cigarette substance; and

(ii) a prefilled electronic cigarette.

(b) Beginning on July 1, 2021, a tax is imposed upon the following:

(i) a nontherapeutic nicotine device substance; and

(ii) a prefilled nontherapeutic nicotine device.

(c) Beginning on July 1, 2021, a tax is imposed upon an alternative nicotine product.

(2)

(a) The amount of tax imposed under Subsections (1)(a) and (b) is [~~.56~~] .71 multiplied by the manufacturer's sales price.

(b) The amount of tax imposed under Subsection (1)(c) {~~is .86~~ } on an alternative nicotine product is .56 multiplied by the manufacturer's sales price.

[~~(b)~~

~~(i) The tax under Subsection (1)(c) on an alternative nicotine product is imposed:~~]

[~~(A) at a rate of $1.83 per ounce; and~~]

[~~(B) on the basis of the net weight of the alternative nicotine product as listed by the manufacturer.~~]

[~~(ii) If the net weight of the alternative nicotine product is in a quantity that is a fractional part of one ounce, a proportionate amount of the tax described in Subsection (2)(b)(i)(A) is imposed:~~]

[~~(A) on that fractional part of one ounce; and~~]

[~~(B) in accordance with rules made by the commission in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.~~]

(3) If a product is sold in the same package as a product that is taxed under Subsection (1), the tax described in Subsection (2) shall apply to the wholesale manufacturer's sale price of the entire packaged product.

(4)

(a) A manufacturer, jobber, distributor, wholesaler, retailer, consumer, or user shall pay the tax levied under Subsection (1) at the time that an electronic cigarette substance, a prefilled electronic cigarette, an alternative nicotine product, a nontherapeutic nicotine device substance, or a prefilled nontherapeutic nicotine device is first received in the state.

(b) A manufacturer, jobber, distributor, wholesaler, retailer, consumer, or user may not resell an electronic cigarette substance, a prefilled electronic cigarette, an alternative nicotine product, a nontherapeutic nicotine device substance, or a prefilled nontherapeutic nicotine device to another distributor, another retailer, or a consumer before paying the tax levied under Subsection (1).

(5)

(a) The manufacturer, jobber, distributor, wholesaler, retailer, consumer, or user shall remit the taxes collected in accordance with this section to the commission.

(b) The commission shall deposit revenues generated by the tax imposed by this section into the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account created in Section 59-14-807.

Section 4. **Effective date.**

Effective Date.

<u>This bill takes effect on July 1, 2026.</u>

Section 6. **Repealer.**

This Bill Repeals:

Section **59-14-104, Rate reduction for modified risk tobacco products.**

3-2-26 2:57 PM