

**Restricted Account Modifications**  
2026 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Jennifer Dailey-Provost**  
Senate Sponsor:

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to restricted accounts.

**Highlighted Provisions:**

This bill:

- 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to the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account before the provisions are repealed in accordance with existing statute.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:**

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

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

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

**51-9-201 (Effective 07/01/26). 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 to the Department of Health and Human Services for:

[(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

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

[(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;

[(e)] (v) \$193,700 to the Administrative Office of the Courts and [~~\$2,325,400~~] \$1,101,300 to the Department of Health and Human Services for the statewide expansion of the drug court program;

[(f)] (vi) [~~\$4,000,000~~] \$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) any remaining funds as directed by the Legislature through appropriation.  
66       (b)(i) As used in this subsection, "discretionary appropriation" means a legislative  
67       appropriation that is:

68           (A) an ongoing appropriation from the Tobacco Settlement Restricted Account to  
69           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  
72       amount remaining in the Tobacco Settlement Restricted Account is insufficient to  
73       cover the total amount of discretionary appropriations, the Legislature shall make  
74       the discretionary appropriations:

75           (A) sequentially in the order the programs are listed under Subsection (4)(a)(i)  
76           through (vi);

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

79           (C) until the available funds in the Tobacco Settlement Restricted Account for  
80           discretionary appropriations are exhausted.

81       (iii) If, after all discretionary appropriations are reduced to zero in accordance with  
82       Subsection (4)(b)(ii), the amount in the Tobacco Settlement Restricted Account is  
83       insufficient to cover the distributions described in Subsection (4)(a)(i) through (vi),  
84       the Division of Finance shall make the distributions described in Subsections  
85       (4)(a)(i) through (vi):

86           (A) sequentially in the order of priority the distributions are listed under  
87           Subsection (4)(a);

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

90           (C) until the available funds in the Tobacco Settlement Restricted Account are  
91           exhausted.

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

93       **59-14-807 (Effective 07/01/26). Electronic Cigarette Substance and Nicotine**  
94       **Product Proceeds Restricted Account.**

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

97       (2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account  
98       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
- 102 result of any judgment, settlement, or compromise of claims pertaining to alleged
- 103 violations of law related to the manufacture, marketing, distribution, or sale of
- 104 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
- 106 state exceeds \$1,000,000; and
- 107 (ii) after reimbursement to the attorney general and the Department of Commerce for
- 108 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
- 111 appropriation by the Legislature, the Division of Finance shall distribute from the
- 112 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:
- 113 (i) \$2,000,000 to the Department of Health and Human Services for enforcement
- 114 services aimed at disrupting organizations and networks that provide tobacco
- 115 products, electronic cigarette products, nicotine products, or other illegal
- 116 controlled substances to minors, which the Department of Health and Human
- 117 Services shall allocate to the local health departments using the formula created in
- 118 accordance with Section 26A-1-116;
- 119 (ii) \$1,180,000 to the Department of Public Safety for law enforcement officers
- 120 aimed at disrupting organizations and networks that provide tobacco products,
- 121 electronic cigarette products, nicotine products, and other illegal controlled
- 122 substances to minors;
- 123 (iii) \$1,000,000 to the Department of Health and Human Services for enforcement
- 124 services aimed at disrupting organizations and networks that provide tobacco
- 125 products, electronic cigarette products, nicotine products, and other illegal
- 126 controlled substances to minors;
- 127 (iv) \$3,000,000 to the Department of Health and Human Services for community
- 128 partner prevention programs, which the Department of Health and Human
- 129 Services shall allocate to the local health departments using the formula created in
- 130 accordance with Section 26A-1-116;
- 131 (v) \$1,000,000 to the Department of Health and Human Services for statewide
- 132 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.

~~[(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):

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

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

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

(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:

- (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 [~~(3)(a)(v)~~] (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);
- (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 (Effective 05/06/26). 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.
- (6) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1, 2029.
- (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.
- (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.
- ~~[(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.

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

**63I-2-259 (Effective 05/06/26). Repeal dates: Title 59.**

- (1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December 31, 2026.
- (2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.
- (3) Subsection 59-10-137(3)(b)(viii), referencing Section 59-10-1037, is repealed December 31, 2026.
- (4) Section 59-10-1037, Nonrefundable enterprise zone tax credit, is repealed December 31,

235 2026.

236 [~~(5) Subsection 59-14-807(3)(a)(iii), regarding the Youth Electronic Cigarette, Marijuana,~~

237 ~~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~~

239 ~~Other Drug Prevention Committee, is repealed July 1, 2030.]~~

240 [~~(7)~~ (5) Section 59-24-103.8, Radioactive waste facility expansion tax -- Payment --

241 Deposit of tax revenue, is repealed July 1, 2026.

242 Section 5. **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).