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**Restricted Account Modifications**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jennifer Dailey-Provost**

Senate Sponsor:

2

**LONG TITLE**

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**General Description:**

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This bill modifies provisions related to restricted accounts.

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**Highlighted Provisions:**

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This bill:

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to the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account before the provisions are repealed in accordance with existing statute.

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**Money Appropriated in this Bill:**

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None

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**Other Special Clauses:**

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This bill provides a special effective date.

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**Utah Code Sections Affected:**

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**AMENDS:**

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

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

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366

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

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**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:*

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

H.B. 229

31                   **51-9-201 (Effective 07/01/26). Creation of Tobacco Settlement Restricted**  
32                   **Account.**

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

35                   (2) The account shall earn interest.

36                   (3) The account shall consist of:

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

40                   (b) interest earned on the account.

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

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

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

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

49                   [(i)] (A) children in the Medicaid program created in Title 26B, Chapter 3, Health  
50                   Care - Administration and Assistance, and the Utah Children's Health  
51                   Insurance Program created in Section 26B-3-902; and

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

54                   [(d)] (iv) \$3,277,100 to the Department of Health and Human Services for alcohol,  
55                   tobacco, and other drug prevention, reduction, cessation, and control programs  
56                   that promote unified messages and make use of media outlets, including radio,  
57                   newspaper, billboards, and television, and with a preference in funding given to  
58                   tobacco-related programs;

59                   [(e)] (v) \$193,700 to the Administrative Office of the Courts and ~~[\$2,325,400]~~  
60                   \$1,101,300 to the Department of Health and Human Services for the statewide  
61                   expansion of the drug court program;

62                   [(f)] (vi) ~~[\$4,000,000]~~ \$1,063,400 to the Utah Board of Higher Education for the  
63                   University of Utah Health Sciences Center to benefit the health and well-being of  
64                   Utah citizens through in-state research, treatment, and educational activities; and

65 [e)] (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;

133 (vi) \$2,000,000 to the Department of Health and Human Services for alcohol,  
134 tobacco, and other drug prevention, reduction, cessation, and control programs  
135 that promote unified messages and make use of media outlets, including radio,  
136 newspaper, billboards, and television; and  
137 (vii) \$5,084,200 to the State Board of Education for school-based prevention  
138 programs.

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

141 (A) an ongoing appropriation from the Electronic Cigarette Substance and  
142 Nicotine Product Proceeds Restricted Account to a program described in  
143 Subsection (3)(a); and  
144 (B) in addition to the amount listed in Subsection (3)(a) for that program.  
145 (ii) If, after making each distribution listed in Subsection (3)(a), the amount  
146 remaining in the Electronic Cigarette Substance and Nicotine Product Proceeds  
147 Restricted Account is insufficient to cover the total amount of discretionary  
148 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  
151 appropriation, in part; and  
152 (C) until the available funds in the Electronic Cigarette Substance and Nicotine  
153 Product Proceeds Restricted Account for discretionary appropriations are  
154 exhausted.  
155 [(b)] (iii) If, after all discretionary appropriations are reduced to zero in accordance  
156 with Subsection (3)(b)(ii), the amount in the Electronic Cigarette Substance and  
157 Nicotine Product Proceeds Restricted Account is insufficient to cover the  
158 distributions described in Subsection (3)(a), the Division of Finance shall make  
159 the distributions under Subsection (3)(a):  
160 [i] (A) sequentially in the order of priority the distributions are listed under  
161 Subsection (3)(a);  
162 [ii] (B) in full or, if insufficient funds are available to satisfy the next distribution  
163 in the sequence, in part; and  
164 [iii] (C) until the available funds in the Electronic Cigarette Substance and  
165 Nicotine Product Proceeds Restricted Account are exhausted.  
166 (c) For each fiscal year and subject to appropriation by the Legislature, the Division of

167 Finance shall distribute from the funds deposited under Section 59-14-810 into the  
168 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  
170 maintain the registry described in Section 59-14-810;  
171 (ii) to the Department of Health and Human Services, in an amount necessary for  
172 completing duties described in Section 59-14-810; and  
173 (iii) to the Department of Health and Human Services, the remainder to be divided  
174 among the local health departments for inspection and enforcement described in  
175 Sections 26A-1-131 and 59-14-810.

176 (4)(a) The local health departments shall use the money received in accordance with  
177 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  
182 accordance with Subsection [(3)(a)(v)] (3)(a)(vi) for the Youth Electronic Cigarette,  
183 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  
185 Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and  
186 Other Drug Prevention Grant Program created in Section 26A-1-129.  
187 (d) The State Board of Education shall use the money received in accordance with  
188 Subsection (3)(a)(vii) to distribute to local education agencies to pay for:  
189 (i)(A) stipends for positive behaviors specialists as described in Subsection  
190 53G-10-407(4)(a)(i);  
191 (B) the cost of administering the positive behaviors plan as described in  
192 Subsection 53G-10-407(4)(a)(ii); and  
193 (C) the cost of implementing an Underage Drinking and Substance Abuse  
194 Prevention Program in grade 4 or 5, as described in Subsection  
195 53G-10-406(3)(b); or  
196 (ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.

197 (5)(a) The fund shall earn interest.  
198 (b) All interest earned on fund money shall be deposited into the fund.  
199 (6) Subject to legislative appropriations, funds remaining in the Electronic Cigarette  
200 Substance and Nicotine Product Proceeds Restricted Account after the distribution

201 described in Subsection (3) may only be used for:

202 (a) funding commission personnel to enforce compliance with the tax collection  
203 requirements of this part; and  
204 (b) programs and activities related to the prevention and cessation of electronic cigarette,  
205 nicotine products, marijuana, and other drug use.

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

207 **63I-1-259 (Effective 05/06/26). Repeal dates: Title 59.**

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

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

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

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

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

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

220 (7) Subsection 59-14-807(3)(a)(vi), regarding funding for alcohol, tobacco, and other  
221 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,  
223 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  
225 within a county of the first class, is repealed July 1, 2047.

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

227 **63I-2-259 (Effective 05/06/26). Repeal dates: Title 59.**

228 (1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December  
229 31, 2026.

230 (2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December  
231 31, 2026.

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

234 (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).