

Jennifer Dailey-Provost proposes the following substitute bill:

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 count 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to the electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account before the provisions are repealed in accordance with existing statute.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,

29 182, 277, and 366

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

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

33 **51-9-201 (Effective 07/01/26). Creation of Tobacco Settlement Restricted
34 Account.**

35 (1) There is created within the General Fund a restricted account known as the "Tobacco
36 Settlement 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
40 state that are related to the settlement agreement that the state entered into with
41 leading tobacco manufacturers on November 23, 1998; and

42 (b) interest earned on the account.

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

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

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

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

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

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

56 [(d)] (iv) ~~[\$3,277,100]~~ \$3,475,000 to the Department of Health and Human Services
57 for alcohol, tobacco, and other drug prevention, reduction, cessation, and control
58 programs that promote unified messages and make use of media outlets, including
59 radio, newspaper, billboards, and television, and with a preference in funding
60 given to tobacco-related programs;

61 [(e)] (v) \$193,700 to the Administrative Office of the Courts and ~~[\$2,325,400]~~
62 \$1,101,200 to the Department of Health and Human Services for the statewide

63 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
65 Sciences Center to benefit the health and well-being of Utah citizens through in-state
66 research, treatment, and educational activities; and]

67 [g] any remaining funds as directed by the Legislature through appropriation.

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

70 (A) an ongoing appropriation from the Tobacco Settlement Restricted Account to
71 a program described in Subsections (4)(a)(i) through (vi); and
72 (B) in addition to the amount listed in Subsection (4)(a) for that program.

73 (ii) If, after making each distribution listed in Subsection (4)(a)(i) through (vi), the
74 amount remaining in the Tobacco Settlement Restricted Account is insufficient to
75 cover the total amount of discretionary appropriations, the Legislature shall make
76 the discretionary appropriations:

77 (A) sequentially in the order the programs are listed under Subsection (4)(a)(i)
78 through (vi);
79 (B) in full or, if insufficient funds are available to satisfy the discretionary
80 appropriation, in part; and
81 (C) until the available funds in the Tobacco Settlement Restricted Account for
82 discretionary appropriations are exhausted.

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

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

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

95 **59-14-807 (Effective 07/01/26). Electronic Cigarette Substance and Nicotine
96 Product Proceeds Restricted Account.**

97 (1) There is created within the General Fund a restricted account known as the "Electronic
98 Cigarette Substance and Nicotine Product Proceeds Restricted Account."
99 (2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account
100 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;
103 (c) all money received by the attorney general or the Department of Commerce as a
104 result of any judgment, settlement, or compromise of claims pertaining to alleged
105 violations of law related to the manufacture, marketing, distribution, or sale of
106 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
108 state exceeds \$1,000,000; and
109 (ii) after reimbursement to the attorney general and the Department of Commerce for
110 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
113 appropriation by the Legislature, the Division of Finance shall distribute from the
114 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:
115 (i) \$2,000,000 to the Department of Health and Human Services for enforcement
116 services aimed at disrupting organizations and networks that provide tobacco
117 products, electronic cigarette products, nicotine products, or other illegal
118 controlled substances to minors, which the Department of Health and Human
119 Services shall allocate to the local health departments using the formula created in
120 accordance with Section 26A-1-116;
121 (ii) \$1,180,000 to the Department of Public Safety for law enforcement officers
122 aimed at disrupting organizations and networks that provide tobacco products,
123 electronic cigarette products, nicotine products, and other illegal controlled
124 substances to minors;
125 (iii) \$1,000,000 to the Department of Health and Human Services for enforcement
126 services aimed at disrupting organizations and networks that provide tobacco
127 products, electronic cigarette products, nicotine products, and other illegal
128 controlled substances to minors;
129 (iv) \$3,000,000 to the Department of Health and Human Services for community
130 partner prevention programs, which the Department of Health and Human

131 Services shall allocate to the local health departments using the formula created in
132 accordance with Section 26A-1-116;

133 (v) \$1,000,000 to the Department of Health and Human Services for statewide
134 cessation programs and prevention education;
135 (vi) \$2,000,000 to the Department of Health and Human Services for alcohol,
136 tobacco, and other drug prevention, reduction, cessation, and control programs
137 that promote unified messages and make use of media outlets, including radio,
138 newspaper, billboards, and television; and
139 (vii) \$5,084,200 to the State Board of Education for school-based prevention
140 programs.

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

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

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

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

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

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

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

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

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

164 [(ii)] (B) in full or, if insufficient funds are available to satisfy the next distribution

165 in the sequence, in part; and

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

168 (c) For each fiscal year and subject to appropriation by the Legislature, the Division of
169 Finance shall distribute from the funds deposited under Section 59-14-810 into the
170 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:
171 (i) to the commission, in an amount equal to the amount necessary to create and
172 maintain the registry described in Section 59-14-810;
173 (ii) to the Department of Health and Human Services, in an amount necessary for
174 completing duties described in Section 59-14-810; and
175 (iii) to the Department of Health and Human Services, the remainder to be divided
176 among the local health departments for inspection and enforcement described in
177 Sections 26A-1-131 and 59-14-810.

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

180 (i) the regulation provisions described in Section 26B-7-505;
181 (ii) the labeling requirement described in Section 26B-7-505; and
182 (iii) the penalty provisions described in Section 26B-7-518.

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

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

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

191 (i)(A) stipends for positive behaviors specialists as described in Subsection
192 53G-10-407(4)(a)(i);
193 (B) the cost of administering the positive behaviors plan as described in
194 Subsection 53G-10-407(4)(a)(ii); and

195 (C) the cost of implementing an Underage Drinking and Substance Abuse
196 Prevention Program in grade 4 or 5, as described in Subsection
197 53G-10-406(3)(b); or

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

199 (5)(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
202 Substance and Nicotine Product Proceeds Restricted Account after the distribution
203 described in Subsection (3) may only be used for:
204 (a) funding commission personnel to enforce compliance with the tax collection
205 requirements of this part; and
206 (b) programs and activities related to the prevention and cessation of electronic cigarette,
207 nicotine products, marijuana, and other drug use.

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

209 **63I-1-259 (Effective 05/06/26). Repeal dates: Title 59.**

210 (1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to
211 inform the Department of Workforce Services whether an individual claimed a federal
212 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
214 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
217 repealed July 1, 2029.
218 (5) Section 59-9-102.5, Offset for occupational health and safety related donations, is
219 repealed December 31, 2030.
220 (6) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is
221 repealed July 1, 2029.
222 (7) Subsection 59-14-807(3)(a)(vi), regarding funding for alcohol, tobacco, and other
223 drug prevention, reduction, cessation, and control programs, is repealed July 1, 2030.
224 (8) Subsection 59-14-807(4)(b), regarding money for the Youth Electronic Cigarette,
225 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
227 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 (Effective 05/06/26). Repeal dates: Title 59.**

230 (1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December
231 31, 2026.
232 (2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December

233 31, 2026.

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

236 (4) Section 59-10-1037, Nonrefundable enterprise zone tax credit, is repealed December 31,
237 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.~~]
239 [~~(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.~~
241 Section 5. **Effective Date.**
242 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.
243 (2) The actions affecting the following sections take effect on July 1, 2026:
244 (a) Section 51-9-201 (Effective 07/01/26); and
245 (b) Section 59-14-807 (Effective 07/01/26).