Targeted Advertising Tax

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael K. McKell

House Sponsor: Jordan D. Teuscher

LONG TITLE

General Description:

This bill imposes a tax on targeted advertising in the state.

Highlighted Provisions:

This bill:

- defines terms;
- imposes an annual tax on entities that deliver targeted advertising in Utah and meet certain revenue thresholds, based on the entity's gross receipts from targeted advertising in the state;
- requires entities subject to the tax to annually remit a return to the State Tax Commission that includes information related to the tax;
- provides for administration and collection of the tax by the State Tax Commission;
- provides rulemaking authority to the State Tax Commission for administration of the tax;
- establishes the Targeted Advertising Restricted Account (restricted account) for the deposit of tax revenue;
- provides for the use of money deposited into the restricted account; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-1-306, as last amended by Laws of Utah 2025, Chapter 258

ENACTS:

59-35-101, Utah Code Annotated 1953

59-35-201, Utah Code Annotated 1953

59-35-202, Utah Code Annotated 1953

S.B. 287

59-35-203, Utah Code Annotated 1953

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

Section 1. Section **59-1-306** is amended to read:

59-1-306 . Definition -- State Tax Commission Administrative Charge Account -- Amount of administrative charge -- Deposit of revenue into the restricted account -- Interest deposited into General Fund -- Expenditure of money deposited into the restricted account.

(1) As used in this section, "qualifying tax, fee, or charge" means a tax, fee, or charge the commission administers under:

(a) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

(b) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

(c) Section 19-6-714;

(d) Section 19-6-805;

(e) Chapter 12, Sales and Use Tax Act, other than a tax under Chapter 12, Part 1, Tax Collection, or Chapter 12, Part 18, Additional State Sales and Use Tax Act;

(f) Section 59-27-105;

(g) Chapter 31, Cannabinoid Licensing and Tax Act;

(h) Chapter 32, Local Impact Mitigation Tax Act;

(i) Chapter 33, Wind or Solar Electric Generation Facility Capacity Tax;

(j) Chapter 35, Targeted Advertising Tax;

[~~(j)~~] (k) Section 63H-1-205;

[~~(k)~~] (l) Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act; [~~or~~]

[~~(l)~~] (m) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; or

[~~(m)~~] (n) Title 79, Chapter 6, Part [~~11~~] 14, Energy Project Assessment.

(2) There is created a restricted account within the General Fund known as the "State Tax Commission Administrative Charge Account."

(3) Subject to the other provisions of this section, the restricted account shall consist of administrative charges the commission retains and deposits in accordance with this section.

(4) For purposes of this section, the administrative charge is a percentage of revenue the commission collects from each qualifying tax, fee, or charge of not to exceed the lesser of:

(a) 1.5%; or

(b) an equal percentage of revenue the commission collects from each qualifying tax, fee, or charge sufficient to cover the cost to the commission of administering the qualifying taxes, fees, or charges.

(5) The commission shall deposit an administrative charge into the restricted account.

(6) Interest earned on the restricted account shall be deposited into the General Fund.

(7) The commission shall expend money appropriated by the Legislature to the commission from the restricted account to administer qualifying taxes, fees, or charges or to offset general operational expenses.

Section 2. Section **59-35-101** is enacted to read:

CHAPTER 35. Targeted Advertising Tax

Part 1. General Provisions

59-35-101 . Definitions.

As used in this chapter:

(1) "Advertisement" means any written, oral, or graphic statement or representation.

(2) "Business entity" means the same as that term is defined in Section 59-6-101.

(3) "Gross receipts" means the total amount of consideration received for a transaction, without deduction for the cost of materials, labor, service, or other expenses.

(4) "Impression" means a single instance in which targeted advertising is delivered to an audience or individual, regardless of whether the audience or individual interacts with the advertisement.

(5) "Targeted advertising" means a transaction in which a business entity:

(a) delivers, by any means, an advertisement to an audience or individual on behalf of an advertiser and in exchange for consideration; and

(b) employs the following practices or features to facilitate the transaction described in Subsection (5)(a):

(i) the business entity sells advertising space to the advertiser through a bidding process;

(ii) the business entity obtains or develops individualized data profiles to deliver the advertisement; and

(iii) an individual to whom the business entity delivers the advertisement has the ability to interface with the advertisement to access information or make a purchase.

(6) "Targeted advertising entity" means a business entity:

(a) that during the taxable year:

(i) delivers targeted advertising to an audience or individual located in the state; and

(ii) generates gross receipts of:

(A) $1,000,000 or more derived from targeted advertising in the state, as determined in accordance with Subsection 59-35-201(3); and

(B) $100,000,000 or more derived from all targeted advertising, regardless of location; and

(b) for which the business entity's gross receipts for the taxable year derived from all targeted advertising, regardless of location, constitute 50% or more of the business entity's total gross receipts for the taxable year.

Section 3. Section **59-35-201** is enacted to read:

Part 2. Targeted Advertising Tax

59-35-201 . Imposition of tax on targeted advertising entities -- Apportionment methodology -- Return -- Deposit of tax revenue.

(1) Beginning January 1, 2027, there is annually levied a tax on a targeted advertising entity as provided in this section.

(2) The tax imposed in this section:

(a) is in addition to all other taxes; and

(b) is an amount equal to the product of:

(i) the rate specified in Subsection 59-12-103(2)(a)(i)(A); and

(ii) subject to Subsection (3), the targeted advertising entity's gross receipts for the taxable year derived from targeted advertising in the state.

(3) The amount described in Subsection (2)(b)(ii) is equal to the product of:

(a) the targeted advertising entity's gross receipts for the taxable year derived from all targeted advertising, regardless of delivery location; and

(b) an amount determined by dividing:

(i) the number of impressions the targeted advertising entity delivers during the taxable year to an audience or individual located in Utah; and

(ii) the number of impressions the targeted advertising entity delivers during the taxable year to all audiences or individuals, regardless of location.

(4) A targeted advertising entity shall annually remit to the commission a return on the tax imposed in this section in an electronic format prescribed by the commission that:

(a) covers the period for which the tax is due; and

(b) includes any information the commission requires to:

(i) confirm the applicability of the tax imposed in this section; and

(ii) determine the amount described in Subsection (2)(b)(ii).

(5) The commission shall deposit revenue from the tax imposed in this section into the Targeted Advertising Tax Restricted Account created in Section 59-35-203.

Section 4. Section **59-35-202** is enacted to read:

59-35-202 . Administration, collection, and enforcement of tax -- Administrative charge -- Rulemaking.

(1) The commission shall administer, collect, and enforce a tax under this chapter in accordance with:

(a) Chapter 1, General Taxation Policies; and

(b) any rules made by the commission under Subsection (3).

(2) The commission shall retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenue the commission collects from a tax under this chapter.

(3) The commission may, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules:

(a) establishing procedures for the collection and remittance of the tax;

(b) establishing standards for determining the amount described in Subsection 59-35-201(2)(b)(ii), consistent with Subsection 59-35-201(3);

(c) establishing reporting requirements; and

(d) providing for the administration of this chapter.

Section 5. Section **59-35-203** is enacted to read:

59-35-203 . Targeted Advertising Tax Restricted Account.

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

(2) The account consists of:

(a) revenue collected from the tax imposed by Section 59-35-201; and

(b) amounts appropriated by the Legislature.

(3) Subject to appropriation, money in the account may be used for:

(a) child literacy programs;

(b) youth sports or recreational programs;

(c) youth volunteerism programs;

(d) mental health programs or services for children; and

(e) the management and improvement of parks and other public spaces.

Section 6. **Effective Date.**

This bill takes effect on May 6, 2026.