

**CIGARETTE TAX EXEMPTION AMENDMENTS**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Evan J. Vickers**

Senate Sponsor: Dennis E. Stowell

---

---

**LONG TITLE**

**General Description:**

This bill amends the Cigarette and Tobacco Tax and Licensing Act relating to exemptions from the state tax on cigarettes.

**Highlighted Provisions:**

This bill:

- ▶ amends a citation to the Internal Revenue Code relating to federal law exemptions that also apply to the state tax on cigarettes; and
- ▶ makes technical and conforming changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**59-14-204.5**, as enacted by Laws of Utah 2004, Chapter 217

---

---

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

Section 1. Section **59-14-204.5** is amended to read:

**59-14-204.5. Application of excise tax on tribal lands.**

(1) (a) Cigarettes sold to or received by members of a federally recognized Indian tribe that are purchased or received on the tribal lands are not subject to the tax imposed by Section 59-14-204.

30 (b) Cigarettes exempt from tax under [~~26 U.S.C. Sec. 5701~~] Section 5704, Internal  
31 Revenue Code, and distributed in accordance with federal regulations are not subject to the tax  
32 imposed by Section 59-14-204.

33 (2) (a) (i) The tax applicable to cigarettes sold to or received by nontribal members on  
34 tribal lands is equal to the state tax imposed by Section 59-14-204, minus any tribal tax  
35 actually paid.

36 (ii) For purposes of this section, nontribal members includes any person who is not a  
37 member of the Indian tribe that is selling the cigarettes.

38 (b) If the application of the tax offset for tribal taxes permitted in Subsection (2)(a)  
39 results in a negative balance, the taxes owed to the state are zero.

40 (c) (i) Cigarettes taxed pursuant to this Subsection (2) shall bear a tax stamp as  
41 required by Section 59-14-205 in an amount equal to the tax imposed by Section 59-14-204.

42 (ii) The commission shall at least semi-annually rebate to an Indian tribal entity that is  
43 in compliance with this chapter the lesser of:

44 (A) an amount equal to the tribal tax imposed on sales under this Subsection (2); or

45 (B) the face value of the tax stamps affixed to cigarettes sold under this Subsection

46 (2).