

1                                   **CIGARETTE TAX EXEMPTION AMENDMENTS**

2   2010 GENERAL SESSION

3   STATE OF UTAH

4   **Chief Sponsor: Evan J. Vickers**

5   Senate Sponsor: Dennis E. Stowell

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7 **LONG TITLE**

8 **General Description:**

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

11 **Highlighted Provisions:**

12                   This bill:

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

16 **Monies Appropriated in this Bill:**

17                   None

18 **Other Special Clauses:**

19                   None

20 **Utah Code Sections Affected:**

21 AMENDS:

22                   **59-14-204.5**, as enacted by Laws of Utah 2004, Chapter 217

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

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

26                   **59-14-204.5. Application of excise tax on tribal lands.**

27                   (1) (a) Cigarettes sold to or received by members of a federally recognized Indian tribe



28 that are purchased or received on the tribal lands are not subject to the tax imposed by Section  
29 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 actually  
35 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 (2).

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**Legislative Review Note**  
**as of 12-4-09 3:01 PM**

**Office of Legislative Research and General Counsel**

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**H.B. 213 - Cigarette Tax Exemption Amendments**

**Fiscal Note**

2010 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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