

Medicaid Expansion Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Steve Eliason

Senate Sponsor: Keith Grover

LONG TITLE**Committee Note:**

The Health and Human Services Interim Committee recommended this bill.

Legislative Vote: 11 voting for 0 voting against 8 absent

General Description:

This bill amends provisions related to Medicaid expansion.

Highlighted Provisions:

This bill:

- defines terms;
- changes the date Medicaid expansion will end if federal matching funds are reduced;
- amends the circumstances Medicaid expansion will automatically end;
- requires the Department of Health and Human Services (department) to end certain programs that would lead to a reduction in federal matching funds for Medicaid expansion if the state participated in the program;
- requires the department to prepare a proposal if federal matching funds are reduced;
- creates a reporting requirement; and
- allows the tax that funds Medicaid expansion to end if Medicaid expansion ends.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

26B-3-109 (Effective 05/06/26), as renumbered and amended by Laws of Utah 2023, Chapter 306

26B-3-113 (Effective 05/06/26), as last amended by Laws of Utah 2025, First Special Session, Chapter 16

26B-3-210 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapters 250,

31 439
 32 **26B-3-506 (Effective 05/06/26) (Repealed 07/01/34)**, as renumbered and amended by
 33 Laws of Utah 2023, Chapter 306
 34 **26B-3-601 (Effective 05/06/26) (Repealed 07/01/34)**, as last amended by Laws of Utah
 35 2024, Chapter 439
 36 **26B-3-606 (Effective 05/06/26) (Repealed 07/01/34)**, as renumbered and amended by
 37 Laws of Utah 2023, Chapter 306
 38 **26B-3-707 (Effective 05/06/26) (Repealed 07/01/28)**, as last amended by Laws of Utah
 39 2024, Chapter 284
 40 **59-12-103 (Effective 07/01/26)**, as last amended by Laws of Utah 2025, Chapter 285

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

43 Section 1. Section **26B-3-109** is amended to read:

44 **26B-3-109 (Effective 05/06/26). Medicaid expansion.**

- 45 (1) The purpose of this section is to expand the coverage of the Medicaid program to
 46 persons who are in categories traditionally not served by that program.
- 47 (2) Within appropriations from the Legislature, the department may amend the state plan
 48 for medical assistance to provide for eligibility for Medicaid:
- 49 (a) on or after July 1, 1994, for children 12 to 17 years old who live in households below
 50 the federal poverty income guideline; and
- 51 (b) on or after July 1, 1995, for persons who have incomes below the federal poverty
 52 income guideline and who are aged, blind, or have a disability.
- 53 (3)(a) Within appropriations from the Legislature, on or after July 1, 1996, the Medicaid
 54 program may provide for eligibility for persons who have incomes below the federal
 55 poverty income guideline.
- 56 (b) In order to meet the provisions of this subsection, the department may seek approval
 57 for a demonstration project under 42 U.S.C. Sec. 1315 from the secretary of the
 58 United States Department of Health and Human Services.
- 59 (4) The Medicaid program shall provide for eligibility for ~~[persons as required by~~
 60 ~~Subsection 26B-3-113(2)]~~ individuals authorized to be enrolled in Medicaid under
 61 Sections 26B-3-113 and 26B-3-210.
- 62 (5) Services available for persons described in this section shall include required Medicaid
 63 services and may include one or more optional Medicaid services if those services are
 64 funded by the Legislature. The department may also require persons described in

65 Subsections (1) through (3) to meet an asset test.

66 Section 2. Section **26B-3-113** is amended to read:

67 **26B-3-113 (Effective 05/06/26). Expanding the Medicaid program.**

68 (1) As used in this section:

69 (a) "Federal poverty level" means the same as that term is defined in Section 26B-3-207.

70 (b) "Medicaid ACA Fund" means the Medicaid ACA Fund created in Section 26B-1-315.

71 (c) "Medicaid expansion" means an expansion of the Medicaid program in accordance
72 with this section and Section 26B-3-210.

73 (2) Subject to Section 26B-3-210, the department has the authority to implement and
74 operate Medicaid expansion as approved by CMS and state law.

75 [~~(2)(a) As set forth in Subsections (2) through (5), eligibility criteria for the Medicaid~~
76 ~~program shall be expanded to cover additional low-income individuals.]~~

77 [~~(b) The department shall continue to seek approval from CMS to implement the~~
78 ~~Medicaid waiver expansion as defined in Section 26B-3-210.]~~

79 [~~(e) The department may implement any provision described in Subsections 26B-3-210~~
80 ~~(2)(b)(iii) through (viii) in a Medicaid expansion if the department receives approval~~
81 ~~from CMS to implement that provision.]~~

82 [~~(3) The department shall expand the Medicaid program in accordance with this Subsection~~
83 ~~(3) if the department:]~~

84 [~~(a) receives approval from CMS to:]~~

85 [~~(i) expand Medicaid coverage to eligible individuals whose income is below 95% of~~
86 ~~the federal poverty level;]~~

87 [~~(ii) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(b)~~
88 ~~for enrolling an individual in the Medicaid expansion under this Subsection (3);~~
89 ~~and]~~

90 [~~(iii) permit the state to close enrollment in the Medicaid expansion under this~~
91 ~~Subsection (3) if the department has insufficient funds to provide services to new~~
92 ~~enrollment under the Medicaid expansion under this Subsection (3);]~~

93 [~~(b) pays the state portion of costs for the Medicaid expansion under this Subsection (3)~~
94 ~~with funds from:]~~

95 [~~(i) the Medicaid ACA Fund;]~~

96 [~~(ii) county contributions to the nonfederal share of Medicaid expenditures; or]~~

97 [~~(iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid~~
98 ~~expenditures; and]~~

99 ~~[(e) closes the Medicaid program to new enrollment under the Medicaid expansion~~
100 ~~under this Subsection (3) if the department projects that the cost of the Medicaid~~
101 ~~expansion under this Subsection (3) will exceed the appropriations for the fiscal year~~
102 ~~that are authorized by the Legislature through an appropriations act adopted in~~
103 ~~accordance with Title 63J, Chapter 1, Budgetary Procedures Act.]~~
104 ~~[(4)(a) The department shall expand the Medicaid program in accordance with this~~
105 ~~Subsection (4) if the department:]~~
106 ~~[(i) receives approval from CMS to:]~~
107 ~~[(A) expand Medicaid coverage to eligible individuals whose income is below~~
108 ~~95% of the federal poverty level;]~~
109 ~~[(B) obtain maximum federal financial participation under 42 U.S.C. Sec.~~
110 ~~1396d(y) for enrolling an individual in the Medicaid expansion under this~~
111 ~~Subsection (4); and]~~
112 ~~[(C) permit the state to close enrollment in the Medicaid expansion under this~~
113 ~~Subsection (4) if the department has insufficient funds to provide services to~~
114 ~~new enrollment under the Medicaid expansion under this Subsection (4);]~~
115 ~~[(ii) pays the state portion of costs for the Medicaid expansion under this Subsection~~
116 ~~(4) with funds from:]~~
117 ~~[(A) the Medicaid ACA Fund;]~~
118 ~~[(B) county contributions to the nonfederal share of Medicaid expenditures; or]~~
119 ~~[(C) any other contributions, funds, or transfers from a nonstate agency for~~
120 ~~Medicaid expenditures; and]~~
121 ~~[(iii) closes the Medicaid program to new enrollment under the Medicaid expansion~~
122 ~~under this Subsection (4) if the department projects that the cost of the Medicaid~~
123 ~~expansion under this Subsection (4) will exceed the appropriations for the fiscal~~
124 ~~year that are authorized by the Legislature through an appropriations act adopted~~
125 ~~in accordance with Title 63J, Chapter 1, Budgetary Procedures Act.]~~
126 ~~[(b) The department shall submit a waiver, an amendment to an existing waiver, or a~~
127 ~~state plan amendment to CMS to:]~~
128 ~~[(i) administer federal funds for the Medicaid expansion under this Subsection (4)~~
129 ~~according to a per capita cap developed by the department that includes an annual~~
130 ~~inflationary adjustment, accounts for differences in cost among categories of~~
131 ~~Medicaid expansion enrollees, and provides greater flexibility to the state than the~~
132 ~~current Medicaid payment model;]~~

- 133 [(ii) limit, in certain circumstances as defined by the department, the ability of a
 134 qualified entity to determine presumptive eligibility for Medicaid coverage for an
 135 individual enrolled in a Medicaid expansion under this Subsection (4);]
- 136 [(iii) impose a lock-out period if an individual enrolled in a Medicaid expansion
 137 under this Subsection (4) violates certain program requirements as defined by the
 138 department;]
- 139 [(iv) allow an individual enrolled in a Medicaid expansion under this Subsection (4)
 140 to remain in the Medicaid program for up to a 12-month certification period as
 141 defined by the department; and]
- 142 [(v) allow federal Medicaid funds to be used for housing support for eligible
 143 enrollees in the Medicaid expansion under this Subsection (4).]
- 144 [(5)] (3)[(a)(i) If CMS does not approve a waiver to expand the Medicaid program in
 145 accordance with Subsection (4)(a) on or before January 1, 2020, the department
 146 shall develop proposals to implement additional flexibilities and cost controls,
 147 including cost sharing tools, within a Medicaid expansion under this Subsection
 148 (5) through a request to CMS for a waiver or state plan amendment.]
- 149 [(ii) The request for a waiver or state plan amendment described in Subsection
 150 (5)(a)(i) shall include:]
- 151 [(A) a path to self-sufficiency for qualified adults in the Medicaid expansion that
 152 includes employment and training as defined in 7 U.S.C. Sec. 2015(d)(4); and]
- 153 [(B) a requirement that an individual who is offered a private health benefit plan
 154 by an employer to enroll in the employer's health plan.]
- 155 [(iii) The department shall submit the request for a waiver or state plan amendment
 156 developed under Subsection (5)(a)(i) on or before March 15, 2020.]
- 157 [(b) Notwithstanding Sections 26B-3-127 and 63J-5-204, and in accordance with this
 158 Subsection (5), eligibility for the Medicaid program shall be expanded to include all
 159 persons in the optional Medicaid expansion population under PPACA and the Health
 160 Care Education Reconciliation Act of 2010, Pub. L. No. 111-152, and related federal
 161 regulations and guidance, on the earlier of:]
- 162 [(i) the day on which CMS approves a waiver to implement the provisions described
 163 in Subsections (5)(a)(ii)(A) and (B); or]
- 164 [(ii) July 1, 2020.]
- 165 [(c) The department shall seek a waiver, or an amendment to an existing waiver, from
 166 federal law to:]

- 167 ~~[(i) implement each provision described in Subsections 26B-3-210(2)(b)(iii) through~~
168 ~~(viii) in a Medicaid expansion under this Subsection (5);]~~
- 169 ~~[(ii) limit, in certain circumstances as defined by the department, the ability of a~~
170 ~~qualified entity to determine presumptive eligibility for Medicaid coverage for an~~
171 ~~individual enrolled in a Medicaid expansion under this Subsection (5); and]~~
- 172 ~~[(iii) impose a lock-out period if an individual enrolled in a Medicaid expansion~~
173 ~~under this Subsection (5) violates certain program requirements as defined by the~~
174 ~~department.]~~
- 175 ~~[(d) The eligibility criteria in this Subsection (5) shall be construed to include all~~
176 ~~individuals eligible for the health coverage improvement program under Section~~
177 ~~26B-3-207.]~~
- 178 ~~[(e)]~~ (a) The department shall pay the state portion of costs for ~~[a-]~~Medicaid expansion [
179 ~~under this Subsection (5)-]~~entirely from:
- 180 (i) the Medicaid ACA Fund;
- 181 (ii) county contributions to the nonfederal share of Medicaid expenditures; or
- 182 (iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid
183 expenditures.
- 184 ~~[(f)]~~ (b) If the costs of the Medicaid expansion ~~[under this Subsection (5)-]~~exceed the
185 funds available under Subsection ~~[(5)(e)]~~ (3)(a):
- 186 (i) the department may reduce or eliminate optional Medicaid services under this
187 chapter;
- 188 (ii) savings, as determined by the department, from the reduction or elimination of
189 optional Medicaid services under Subsection ~~[(5)(f)(i)]~~ (3)(b)(i) shall be deposited
190 into the Medicaid ACA Fund; and
- 191 (iii) the department may submit to CMS a request for waivers, or an amendment of
192 existing waivers, from federal law necessary to implement budget controls within
193 the Medicaid program to address the deficiency.
- 194 ~~[(g)]~~ (c) If the costs of the Medicaid expansion ~~[under this Subsection (5)-]~~are projected
195 by the department to exceed the funds available in the current fiscal year under
196 Subsection ~~[(5)(e)]~~ (3)(a), including savings resulting from any action taken under
197 Subsection ~~[(5)(f)]~~ (3)(b):
- 198 (i) the governor shall direct the department and Department of Workforce Services to
199 reduce commitments and expenditures by an amount sufficient to offset the
200 deficiency:

- 201 (A) proportionate to the share of total current fiscal year General Fund
 202 appropriations for each of those agencies; and
 203 (B) up to 10% of each agency's total current fiscal year General Fund
 204 appropriations;
- 205 (ii) the Division of Finance shall reduce allotments to the department and Department
 206 of Workforce Services by a percentage:
 207 (A) proportionate to the amount of the deficiency; and
 208 (B) up to 10% of each agency's total current fiscal year General Fund
 209 appropriations; and
 210 (iii) the Division of Finance shall deposit the total amount from the reduced
 211 allotments described in Subsection ~~[(5)(g)(ii)]~~ (3)(c)(ii) into the Medicaid ACA
 212 Fund.

213 ~~[(6)]~~ (4) The department shall maximize federal financial participation in implementing this
 214 section, including by seeking to obtain any necessary federal approvals or waivers.

215 ~~[(7)]~~ (5) Notwithstanding Sections 17-77-201 and 17-77-301, a county does not have to
 216 provide matching funds to the state for the cost of providing Medicaid services to newly
 217 enrolled individuals who qualify for Medicaid coverage under a Medicaid expansion.

218 ~~[(8)]~~ (6) The department shall report to the Social Services Appropriations Subcommittee on
 219 or before November 1 of each year that a Medicaid expansion is operational:

- 220 (a) the number of individuals who enrolled in the Medicaid expansion;
 221 (b) costs to the state for the Medicaid expansion;
 222 (c) estimated costs to the state for the Medicaid expansion for the current and following
 223 fiscal years;
 224 (d) recommendations to control costs of the Medicaid expansion; and
 225 (e) as calculated in accordance with Subsections 26B-3-506(4) and 26B-3-606(2), the
 226 state's net cost of the ~~[qualified]~~ Medicaid expansion.

227 Section 3. Section **26B-3-210** is amended to read:

228 **26B-3-210 (Effective 05/06/26). Medicaid expansion.**

229 (1) As used in this section:

- 230 (a) "Adult in the expansion population" means an individual who:
 231 (i) is described in 42 U.S.C. Sec. 1396a(a)(10)(A)(i)(VIII); and
 232 (ii) is not otherwise eligible for Medicaid as a mandatory categorically needy
 233 individual.
 234 (b) "Discrete program" means a program or benefit that:

- 235 (i) can be closed or ended with minimal impact on other state programs; and
 236 (ii) receives less than \$50 million in state funds annually.
- 237 (c) "Effective expansion FMAP" means the amount that equals:
 238 (i) federal payments divided by the sum of federal payments and state expenditures;
 239 and
 240 (ii) multiplied by 100.
- 241 (d) "Expansion FMAP" means the Federal Medical Assistance Percentage described in
 242 42 U.S.C. Sec. 1396d(y).
- 243 (e) "Federal payments" means payments made, or projected to be made, by the federal
 244 government to pay for services for each adult in the expansion population not
 245 including administrative costs.
- 246 (f) "Federal poverty level" means the same as that term is defined in Section 26B-3-207.
- 247 ~~[(b)]~~ (g) "Medicaid [waiver]-expansion" [means an expansion of the Medicaid program
 248 in accordance with this section] means the same as that term is defined in Section
 249 26B-3-113.
- 250 (h) "State expenditures" means the amount of state expenditures made, or projected to be
 251 made, by the Medicaid program to pay for services provided to each adult in the
 252 expansion population not including administrative costs.
- 253 (2)~~[(a) Before January 1, 2019, the department shall apply to CMS for approval of a~~
 254 ~~waiver or state plan amendment to implement the Medicaid waiver expansion.]~~
- 255 ~~[(b) The]~~Medicaid ~~[waiver]-~~expansion shall:
 256 ~~[(i)]~~ (a) expand Medicaid coverage to eligible individuals whose income is below [95%-]
 257 133% of the federal poverty level;
- 258 ~~[(ii)]~~ (b) obtain maximum [federal financial participation under 42 U.S.C. Sec. 1396d(y)]
 259 expansion FMAP for enrolling an individual in the Medicaid program;
- 260 ~~[(iii)]~~ (c) provide Medicaid benefits through the state's Medicaid accountable care
 261 organizations in areas where a Medicaid accountable care organization is
 262 implemented;
- 263 ~~[(iv)]~~ (d) integrate the delivery of behavioral health services and physical health services
 264 with Medicaid accountable care organizations in select geographic areas of the state
 265 that choose an integrated model;
- 266 ~~[(v)]~~ (e) include a path to self-sufficiency, including work activities as defined in 42
 267 U.S.C. Sec. 607(d), for qualified adults;
- 268 ~~[(vi)]~~ (f) require an individual who is offered a private health benefit plan by an employer

- 269 to enroll in the employer's health plan;
- 270 ~~[(vii)]~~ (g) sunset in accordance with Subsection ~~[(5)(a)]~~ (4)(a); ~~[and]~~
- 271 ~~[(viii)]~~ (h) permit the state to close enrollment in the Medicaid waiver expansion if the
- 272 department has insufficient funding to provide services to additional eligible
- 273 individuals[-] ; and
- 274 (i) if approved by CMS:
- 275 (i) administer federal funds for Medicaid expansion according to a per capita cap
- 276 developed by the department that includes an annual inflationary adjustment,
- 277 accounts for differences in cost among categories of Medicaid expansion
- 278 enrollees, and provides greater flexibility to the state than the current Medicaid
- 279 payment model;
- 280 (ii) limit, in certain circumstances as defined by the department, the ability of a
- 281 qualified entity to determine presumptive eligibility for Medicaid coverage for an
- 282 individual enrolled in Medicaid expansion;
- 283 (iii) impose a lock-out period if an individual enrolled in Medicaid expansion violates
- 284 certain program requirements as defined by the department;
- 285 (iv) allow an individual enrolled in Medicaid expansion to remain in the Medicaid
- 286 program for up to a 12-month certification period as defined by the department;
- 287 and
- 288 (v) allow federal Medicaid funds to be used for housing support for eligible enrollees
- 289 in Medicaid expansion.
- 290 ~~[(3) If the Medicaid waiver described in Subsection (2)(a) is approved, the department may~~
- 291 ~~only pay the state portion of costs for the Medicaid waiver expansion with~~
- 292 ~~appropriations from:]~~
- 293 ~~[(a) the Medicaid ACA Fund, created in Section 26B-1-315;]~~
- 294 ~~[(b) county contributions to the non-federal share of Medicaid expenditures; and]~~
- 295 ~~[(c) any other contributions, funds, or transfers from a non-state agency for Medicaid~~
- 296 ~~expenditures.]~~
- 297 ~~[(4)]~~ (3)(a) In consultation with the department, Medicaid accountable care organizations
- 298 and counties that elect to integrate care under Subsection ~~[(2)(b)(iv)]~~ (2)(d) shall
- 299 collaborate on enrollment, engagement of patients, and coordination of services.
- 300 (b) As part of the provision described in Subsection ~~[(2)(b)(iv)]~~ (2)(d), the department
- 301 shall apply for a waiver to permit the creation of an integrated delivery system:
- 302 (i) for any geographic area that expresses interest in integrating the delivery of

- 303 services under Subsection [(2)(b)(iv)] (2)(d); and
- 304 (ii) in which the department:
- 305 (A) may permit a local mental health authority to integrate the delivery of
- 306 behavioral health services and physical health services;
- 307 (B) may permit a county, local mental health authority, or Medicaid accountable
- 308 care organization to integrate the delivery of behavioral health services and
- 309 physical health services to select groups within the population that are newly
- 310 eligible under the Medicaid waiver expansion; and
- 311 (C) may make rules in accordance with Title 63G, Chapter 3, Utah Administrative
- 312 Rulemaking Act, to integrate payments for behavioral health services and
- 313 physical health services to plans or providers.
- 314 ~~[(5)] (4)(a) If [federal financial participation for the Medicaid waiver expansion is~~
- 315 ~~reduced below 90%] the effective expansion FMAP rate is reduced below 85%, the~~
- 316 ~~authority of the department to implement [the] Medicaid [waiver] expansion shall~~
- 317 ~~sunset [no later than the next July 1 after the date on which the federal financial~~
- 318 ~~participation is reduced.] on:~~
- 319 (i) if the state first experiences the effective expansion FMAP rate reduction on or
- 320 between July 1 to December 31, the following July 1; or
- 321 (ii) if the state first experiences the effective expansion FMAP rate reduction on or
- 322 between January 1 to June 30, the July 1 of the calendar year that follows the year
- 323 the state experiences the effective expansion FMAP reduction.
- 324 (b) The calculation of the effective expansion FMAP rate:
- 325 (i) shall be conducted jointly between the department, the Governor's Office of
- 326 Planning and Budget, and the Office of the Legislative Fiscal Analyst; and
- 327 (ii) may be calculated at any time.
- 328 (c) Notwithstanding any provision of law, if the department operates or is involved in a
- 329 discrete program that will cause the effective expansion FMAP rate to be reduced for
- 330 adults in the expansion population and ceasing involvement or terminating the
- 331 program would avoid the rate reduction, the department shall cease any involvement
- 332 in or terminate the discrete program causing the reduction before the state would
- 333 experience the first reduction in effective expansion FMAP rate.
- 334 (d)(i) Within 60 days from the day of a state determination that the effective
- 335 expansion FMAP rate will be reduced below 85%, the department shall create a
- 336 proposal that outlines options for how the department may maintain Medicaid

- 337 expansion within projected funding.
- 338 (ii) The department shall submit the proposal to the Governor's Office of Planning
 339 and Budget, the Office of the Legislative Fiscal Analyst, the Social Services
 340 Appropriations Subcommittee, and the Executive Appropriations Committee.
- 341 (iii) The department's proposal shall consider the following cost containment efforts
 342 to the extent allowed by federal rules and regulations:
- 343 (A) reducing Medicaid expansion administrative costs, including suspending
 344 hiring of noncritical employees and suspending increasing employee wages,
 345 excluding employee benefits offered to employees state-wide;
- 346 (B) suspending increases to provider payment rates that would be paid for using
 347 general funds or income tax funds;
- 348 (C) reversing provider payment rate increases approved or implemented during
 349 the one-year period immediately before the day of the state determination
 350 that the effective expansion FMAP rate is reduced if the rate increase is paid
 351 for using general funds or income tax funds;
- 352 (D) suspending the expansion of benefits that are paid for using general funds or
 353 income tax funds;
- 354 (E) eliminating coverage for optional services that are paid for using general funds
 355 or income tax funds;
- 356 (F) eliminating coverage for optional populations included in Medicaid expansion;
 357 and
- 358 (G) closing enrollment to new members.
- 359 (e) At least 60 days before the day the authority to implement Medicaid expansion
 360 sunsets under Subsection (4)(a), the department shall send the State Tax Commission
 361 notice that the Medicaid expansion program is ending.
- 362 ~~(b)~~ (f) The department shall close the program to new enrollment if the cost of [the-]
 363 Medicaid [waiver-]expansion is projected to exceed the appropriations for the fiscal
 364 year that are authorized by the Legislature through an appropriations act adopted in
 365 accordance with Title 63J, Chapter 1, Budgetary Procedures Act.
- 366 (g) If the authority for Medicaid expansion sunsets, no more than 90 days after the day
 367 the authority sunsets, the department and the Division of Finance shall provide
 368 recommendations to the Executive Appropriations Committee regarding how any
 369 remaining funds in the Medicaid ACA Fund, created in Section 26B-1-315, should be
 370 used.

371 Section 4. Section **26B-3-506** is amended to read:

372 **26B-3-506 (Effective 05/06/26) (Repealed 07/01/34). Hospital financing of health**
373 **coverage improvement program Medicaid waiver expansion -- Hospital share.**

374 (1) The hospital share is:

375 (a) 45% of the state's net cost of the health coverage improvement program, including
376 Medicaid coverage for individuals with dependent children up to the federal poverty
377 level designated under Section 26B-3-207;

378 (b) 45% of the state's net cost of the enhancement waiver program;

379 (c) if the waiver for the Medicaid waiver expansion is approved, \$11,900,000; and

380 (d) 45% of the state's net cost of the upper payment limit gap.

381 (2)(a) The hospital share is capped at no more than \$13,600,000 annually, consisting of:

382 (i) an \$11,900,000 cap for the programs specified in Subsections (1)(a) through (c);
383 and

384 (ii) a \$1,700,000 cap for the program specified in Subsection (1)(d).

385 (b) The department shall prorate the cap described in Subsection (2)(a) in any year in
386 which the programs specified in Subsections (1)(a) and (d) are not in effect for the
387 full fiscal year.

388 (3) Private hospitals shall be assessed under this part for:

389 (a) 69% of the portion of the hospital share for the programs specified in Subsections
390 (1)(a) through (c); and

391 (b) 100% of the portion of the hospital share specified in Subsection (1)(d).

392 (4)(a) In the report described in Subsection [~~26B-3-113(8)~~] 26B-3-113(6), the department
393 shall calculate the state's net cost of each of the programs described in Subsections
394 (1)(a) through (c) that are in effect for that year.

395 (b) If the assessment collected in the previous fiscal year is above or below the hospital
396 share for private hospitals for the previous fiscal year, the underpayment or
397 overpayment of the assessment by the private hospitals shall be applied to the fiscal
398 year in which the report is issued.

399 (5) A Medicaid accountable care organization shall, on or before October 15 of each year,
400 report to the department the following data from the prior state fiscal year for each
401 private hospital, state teaching hospital, and non-state government hospital provider that
402 the Medicaid accountable care organization contracts with:

403 (a) for the traditional Medicaid population:

404 (i) hospital inpatient payments;

- 405 (ii) hospital inpatient discharges;
 406 (iii) hospital inpatient days; and
 407 (iv) hospital outpatient payments; and
 408 (b) if the Medicaid accountable care organization enrolls any individuals in the health
 409 coverage improvement program, the enhancement waiver program, or the Medicaid
 410 waiver expansion, for the population newly eligible for any of those programs:
 411 (i) hospital inpatient payments;
 412 (ii) hospital inpatient discharges;
 413 (iii) hospital inpatient days; and
 414 (iv) hospital outpatient payments.
 415 (6) The department shall, by rule made in accordance with Title 63G, Chapter 3, Utah
 416 Administrative Rulemaking Act, provide details surrounding specific content and format
 417 for the reporting by the Medicaid accountable care organization.

418 Section 5. Section **26B-3-601** is amended to read:

419 **26B-3-601 (Effective 05/06/26) (Repealed 07/01/34). Definitions.**

420 As used in this part:

- 421 (1) "Assessment" means the Medicaid expansion hospital assessment established by this
 422 part.
 423 (2) "CMS" means the Centers for Medicare and Medicaid Services within the United States
 424 Department of Health and Human Services.
 425 (3) "Discharges" means the number of total hospital discharges reported on:
 426 (a) Worksheet S-3 Part I, column 15, lines 14, 16, and 17 of the 2552-10 Medicare cost
 427 report for the applicable assessment year; or
 428 (b) a similar report adopted by the department by administrative rule, if the report under
 429 Subsection (3)(a) is no longer available.
 430 (4) "Division" means the Division of Integrated Healthcare within the department.
 431 (5) "Hospital share" means the hospital share described in Section 26B-3-605.
 432 (6) "Medicaid accountable care organization" means a managed care organization, as
 433 defined in 42 C.F.R. Sec. 438, that contracts with the department under the provisions of
 434 Section 26B-3-202.
 435 (7) "Medicaid ACA Fund" means the Medicaid ACA Fund created in Section 26B-1-315.
 436 (8) "Medicaid waiver expansion" means the same as that term is defined in Section
 437 26B-3-210.
 438 (9) "Medicare cost report" means CMS-2552-10, the cost report for electronic filing of

439 hospitals.

440 (10)(a) "Non-state government hospital" means a hospital owned by a non-state
441 government entity.

442 (b) "Non-state government hospital" does not include:

443 (i) the Utah State Hospital; or

444 (ii) a hospital owned by the federal government, including the Veterans
445 Administration Hospital.

446 (11)(a) "Private hospital" means:

447 (i) a privately owned general acute hospital operating in the state as defined in
448 Section 26B-2-201; or

449 (ii) a privately owned specialty hospital operating in the state, including a privately
450 owned hospital for which inpatient admissions are predominantly:

451 (A) rehabilitation;

452 (B) psychiatric;

453 (C) chemical dependency; or

454 (D) long-term acute care services.

455 (b) "Private hospital" does not include a facility for residential treatment as defined in
456 Section 26B-2-101.

457 [~~(12) "Qualified Medicaid expansion" means an expansion of the Medicaid program in~~
458 ~~accordance with Subsection 26B-3-113(5).]~~

459 [(13)] (12) "State teaching hospital" means a state owned teaching hospital that is part of an
460 institution of higher education.

461 Section 6. Section **26B-3-606** is amended to read:

462 **26B-3-606 (Effective 05/06/26) (Repealed 07/01/34). Hospital financing.**

463 (1) Private hospitals shall be assessed under this part for the portion of the hospital share
464 described in Section 26B-3-611.

465 (2) In the report described in Subsection [~~26B-3-113(8)~~] 26B-3-113(6), the department shall
466 calculate the state's net cost of [~~the qualified~~]Medicaid expansion.

467 (3) If the assessment collected in the previous fiscal year is above or below the hospital
468 share for private hospitals for the previous fiscal year, the division shall apply the
469 underpayment or overpayment of the assessment by the private hospitals to the fiscal
470 year in which the report is issued.

471 Section 7. Section **26B-3-707** is amended to read:

472 **26B-3-707 (Effective 05/06/26) (Repealed 07/01/28). Medicaid hospital**

473 **adjustment under Medicaid accountable care organization rates.**

474 (1) To preserve and improve access to hospital services, the division shall incorporate into
475 the Medicaid accountable care organization rate structure calculation consistent with the
476 certified actuarial rate range:

477 (a) \$154,000,000 to be allocated toward the hospital inpatient directed payments for the
478 Medicaid eligibility categories covered in Utah before January 1, 2019; and

479 (b) within available funds, an amount equal to the difference between payments made to
480 hospitals by Medicaid accountable care organizations for the Medicaid eligibility
481 categories covered in Utah, based on submitted encounter data, and the maximum
482 amount that could be paid for those services, to be used for directed payments to
483 hospitals for inpatient and outpatient services.

484 (2)(a) To preserve and improve the quality of inpatient and outpatient hospital services
485 authorized under Subsection (1)(b), the division shall amend its quality strategies
486 required by 42 C.F.R. Sec. 438.340 to include quality measures selected from the
487 CMS hospital quality improvement programs.

488 (b) To better address the unique needs of rural and specialty hospitals, the division may
489 adopt different quality standards for rural and specialty hospitals.

490 (c) The division shall make rules in accordance with Title 63G, Chapter 3, Utah
491 Administrative Rulemaking Act, to adopt the selected quality measures and prescribe
492 penalties for not meeting the quality standards that are established by the division by
493 rule.

494 (d) The division shall apply the same quality measures and penalties under this
495 Subsection (2) to new directed payments made to the University of Utah Hospital and
496 Clinics.

497 Section 8. Section **59-12-103** is amended to read:

498 **59-12-103 (Effective 07/01/26). Sales and use tax base -- Rates -- Effective dates**

499 **-- Use of sales and use tax revenue.**

500 (1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales
501 price for amounts paid or charged for the following transactions:

502 (a) retail sales of tangible personal property made within the state;

503 (b) amounts paid for:

504 (i) telecommunications service, other than mobile telecommunications service, that
505 originates and terminates within the boundaries of this state;

506 (ii) mobile telecommunications service that originates and terminates within the

- 507 boundaries of one state only to the extent permitted by the Mobile
508 Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
509 (iii) an ancillary service associated with a:
510 (A) telecommunications service described in Subsection (1)(b)(i); or
511 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
512 (c) sales of the following for commercial use:
513 (i) gas;
514 (ii) electricity;
515 (iii) heat;
516 (iv) coal;
517 (v) fuel oil; or
518 (vi) other fuels;
519 (d) sales of the following for residential use:
520 (i) gas;
521 (ii) electricity;
522 (iii) heat;
523 (iv) coal;
524 (v) fuel oil; or
525 (vi) other fuels;
526 (e) sales of prepared food;
527 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
528 user fees for theaters, movies, operas, museums, planetariums, shows of any type or
529 nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses,
530 menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling
531 matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling
532 lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts,
533 ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides,
534 river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or
535 any other amusement, entertainment, recreation, exhibition, cultural, or athletic
536 activity;
537 (g) amounts paid or charged for services for repairs or renovations of tangible personal
538 property, unless Section 59-12-104 provides for an exemption from sales and use tax
539 for:
540 (i) the tangible personal property; and

- 541 (ii) parts used in the repairs or renovations of the tangible personal property described
542 in Subsection (1)(g)(i), regardless of whether:
- 543 (A) any parts are actually used in the repairs or renovations of that tangible
544 personal property; or
- 545 (B) the particular parts used in the repairs or renovations of that tangible personal
546 property are exempt from a tax under this chapter;
- 547 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted
548 cleaning or washing of tangible personal property;
- 549 (i) amounts paid or charged for short-term rentals of tourist home, hotel, motel, or trailer
550 court accommodations and services;
- 551 (j) amounts paid or charged for laundry or dry cleaning services;
- 552 (k) amounts paid or charged for leases or rentals of tangible personal property if within
553 this state the tangible personal property is:
- 554 (i) stored;
- 555 (ii) used; or
- 556 (iii) otherwise consumed;
- 557 (l) amounts paid or charged for tangible personal property if within this state the tangible
558 personal property is:
- 559 (i) stored;
- 560 (ii) used; or
- 561 (iii) consumed;
- 562 (m) amounts paid or charged for a sale:
- 563 (i)(A) of a product transferred electronically; or
- 564 (B) of a repair or renovation of a product transferred electronically; and
- 565 (ii) regardless of whether the sale provides:
- 566 (A) a right of permanent use of the product; or
- 567 (B) a right to use the product that is less than a permanent use, including a right:
- 568 (I) for a definite or specified length of time; and
- 569 (II) that terminates upon the occurrence of a condition; and
- 570 (n) sales of leased tangible personal property from the lessor to the lessee made in the
571 state.
- 572 (2)(a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax are
573 imposed on a transaction described in Subsection (1) equal to the sum of:
- 574 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:

- 575 (A) 4.70%;
- 576 (B) the rate specified in Subsection (6)(a); and
- 577 (C) the tax rate the state imposes in accordance with Part 20, Supplemental State
- 578 Sales and Use Tax Act, if the location of the transaction as determined under
- 579 Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated
- 580 area of a county in which the state imposes the tax under Part 20, Supplemental
- 581 State Sales and Use Tax Act; and
- 582 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 583 transaction under this chapter other than this part.
- 584 (b) Except as provided in Subsection (2)(f) or (g) and subject to Subsection (2)(l), a state
- 585 tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal
- 586 to the sum of:
- 587 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 588 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 589 transaction under this chapter other than this part.
- 590 (c) Except as provided in Subsection (2)(f) or (g), a state tax and a local tax are imposed
- 591 on amounts paid or charged for food and food ingredients equal to the sum of:
- 592 (i) a state tax imposed on the amounts paid or charged for food and food ingredients
- 593 at a tax rate of 1.75%; and
- 594 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 595 amounts paid or charged for food and food ingredients under this chapter other
- 596 than this part.
- 597 (d) Except as provided in Subsection (2)(f) or (g), a state tax is imposed on amounts paid
- 598 or charged for fuel to a common carrier that is a railroad for use in a locomotive
- 599 engine at a rate equal to the sum of the rates described in Subsections (2)(a)(i)(A) and
- 600 (2)(a)(i)(B).
- 601 (e)(i)(A) The rates described in Subsections (2)(a)(i)(A) and (2)(a)(i)(B) do not
- 602 apply to car sharing, a car sharing program, a shared vehicle driver, or a shared
- 603 vehicle owner, for a car sharing or shared vehicle transaction if a shared
- 604 vehicle owner certifies to the commission, on a form prescribed by the
- 605 commission, that the shared vehicle is an individual-owned shared vehicle.
- 606 (B) A shared vehicle owner's certification described in Subsection (2)(e)(i)(A) is
- 607 required once during the time that the shared vehicle owner owns the shared
- 608 vehicle.

- 609 (C) The commission shall verify that a shared vehicle is an individual-owned
610 shared vehicle by verifying that the applicable Utah taxes imposed under this
611 chapter were paid on the purchase of the shared vehicle.
- 612 (D) The exception under Subsection (2)(e)(i)(A) applies to a certified
613 individual-owned shared vehicle shared through a car-sharing program even if
614 non-certified shared vehicles are also available to be shared through the same
615 car-sharing program.
- 616 (ii) A tax imposed under Subsection (2)(a)(i)(C) or (2)(a)(ii) applies to car sharing.
- 617 (iii)(A) A car-sharing program may rely in good faith on a shared vehicle owner's
618 representation that the shared vehicle is an individual-owned shared vehicle
619 certified with the commission as described in Subsection (2)(e)(i).
- 620 (B) If a car-sharing program relies in good faith on a shared vehicle owner's
621 representation that the shared vehicle is an individual-owned shared vehicle
622 certified with the commission as described in Subsection (2)(e)(i), the
623 car-sharing program is not liable for any tax, penalty, fee, or other sanction
624 imposed on the shared vehicle owner.
- 625 (iv) If all shared vehicles shared through a car-sharing program are certified as
626 described in Subsection (2)(e)(i)(A) for a tax period, the car-sharing program has
627 no obligation to collect and remit the tax under Subsections (2)(a)(i)(A) and
628 (2)(a)(i)(B) for that tax period.
- 629 (v) A car-sharing program is not required to list or otherwise identify an
630 individual-owned shared vehicle on a return or an attachment to a return.
- 631 (vi) A car-sharing program shall:
- 632 (A) retain tax information for each car-sharing program transaction; and
633 (B) provide the information described in Subsection (2)(e)(vi)(A) to the
634 commission at the commission's request.
- 635 (f)(i) For a bundled transaction that is attributable to food and food ingredients and
636 tangible personal property other than food and food ingredients, a state tax and a
637 local tax is imposed on the entire bundled transaction equal to the sum of:
- 638 (A) the tax rates described in Subsection (2)(a)(i); and
639 (B) a local tax imposed on the entire bundled transaction at the sum of the tax
640 rates described in Subsection (2)(a)(ii).
- 641 (ii) If an optional computer software maintenance contract is a bundled transaction
642 that consists of taxable and nontaxable products that are not separately itemized

643 on an invoice or similar billing document, the purchase of the optional computer
644 software maintenance contract is 40% taxable under this chapter and 60%
645 nontaxable under this chapter.

646 (iii) Subject to Subsection (2)(f)(iv), for a bundled transaction other than a bundled
647 transaction described in Subsection (2)(f)(i) or (ii):

648 (A) if the sales price of the bundled transaction is attributable to tangible personal
649 property, a product, or a service that is subject to taxation under this chapter
650 and tangible personal property, a product, or service that is not subject to
651 taxation under this chapter, the entire bundled transaction is subject to taxation
652 under this chapter unless:

653 (I) the seller is able to identify by reasonable and verifiable standards the
654 tangible personal property, product, or service that is not subject to taxation
655 under this chapter from the books and records the seller keeps in the seller's
656 regular course of business; or

657 (II) state or federal law provides otherwise; or

658 (B) if the sales price of a bundled transaction is attributable to two or more items
659 of tangible personal property, products, or services that are subject to taxation
660 under this chapter at different rates, the entire bundled transaction is subject to
661 taxation under this chapter at the higher tax rate unless:

662 (I) the seller is able to identify by reasonable and verifiable standards the
663 tangible personal property, product, or service that is subject to taxation
664 under this chapter at the lower tax rate from the books and records the seller
665 keeps in the seller's regular course of business; or

666 (II) state or federal law provides otherwise.

667 (iv) For purposes of Subsection (2)(f)(iii), books and records that a seller keeps in the
668 seller's regular course of business includes books and records the seller keeps in
669 the regular course of business for nontax purposes.

670 (g)(i) Except as otherwise provided in this chapter and subject to Subsections
671 (2)(g)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible
672 personal property, a product, or a service that is subject to taxation under this
673 chapter, and the sale, lease, or rental of tangible personal property, other property,
674 a product, or a service that is not subject to taxation under this chapter, the entire
675 transaction is subject to taxation under this chapter unless the seller, at the time of
676 the transaction:

- 677 (A) separately states the portion of the transaction that is not subject to taxation
678 under this chapter on an invoice, bill of sale, or similar document provided to
679 the purchaser; or
- 680 (B) is able to identify by reasonable and verifiable standards, from the books and
681 records the seller keeps in the seller's regular course of business, the portion of
682 the transaction that is not subject to taxation under this chapter.
- 683 (ii) A purchaser and a seller may correct the taxability of a transaction if:
- 684 (A) after the transaction occurs, the purchaser and the seller discover that the
685 portion of the transaction that is not subject to taxation under this chapter was
686 not separately stated on an invoice, bill of sale, or similar document provided
687 to the purchaser because of an error or ignorance of the law; and
- 688 (B) the seller is able to identify by reasonable and verifiable standards, from the
689 books and records the seller keeps in the seller's regular course of business, the
690 portion of the transaction that is not subject to taxation under this chapter.
- 691 (iii) For purposes of Subsections (2)(g)(i) and (ii), books and records that a seller
692 keeps in the seller's regular course of business includes books and records the
693 seller keeps in the regular course of business for nontax purposes.
- 694 (h)(i) If the sales price of a transaction is attributable to two or more items of tangible
695 personal property, products, or services that are subject to taxation under this
696 chapter at different rates, the entire purchase is subject to taxation under this
697 chapter at the higher tax rate unless the seller, at the time of the transaction:
- 698 (A) separately states the items subject to taxation under this chapter at each of the
699 different rates on an invoice, bill of sale, or similar document provided to the
700 purchaser; or
- 701 (B) is able to identify by reasonable and verifiable standards the tangible personal
702 property, product, or service that is subject to taxation under this chapter at the
703 lower tax rate from the books and records the seller keeps in the seller's regular
704 course of business.
- 705 (ii) For purposes of Subsection (2)(h)(i), books and records that a seller keeps in the
706 seller's regular course of business includes books and records the seller keeps in
707 the regular course of business for nontax purposes.
- 708 (i) Subject to Subsections (2)(j) and (k), a tax rate repeal or tax rate change for a tax rate
709 imposed under the following shall take effect on the first day of a calendar quarter:
- 710 (i) Subsection (2)(a)(i)(A);

- 711 (ii) Subsection (2)(a)(i)(B);
712 (iii) Subsection (2)(b)(i);
713 (iv) Subsection (2)(c)(i); or
714 (v) Subsection (2)(f)(i)(A).
- 715 (j)(i) A tax rate increase takes effect on the first day of the first billing period that
716 begins on or after the effective date of the tax rate increase if the billing period for
717 the transaction begins before the effective date of a tax rate increase imposed
718 under:
- 719 (A) Subsection (2)(a)(i)(A);
720 (B) Subsection (2)(a)(i)(B);
721 (C) Subsection (2)(b)(i);
722 (D) Subsection (2)(c)(i); or
723 (E) Subsection (2)(f)(i)(A).
- 724 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
725 statement for the billing period is rendered on or after the effective date of the
726 repeal of the tax or the tax rate decrease imposed under:
- 727 (A) Subsection (2)(a)(i)(A);
728 (B) Subsection (2)(a)(i)(B);
729 (C) Subsection (2)(b)(i);
730 (D) Subsection (2)(c)(i); or
731 (E) Subsection (2)(f)(i)(A).
- 732 (k)(i) For a tax rate described in Subsection (2)(k)(ii), if a tax due on a catalogue sale
733 is computed on the basis of sales and use tax rates published in the catalogue, a
734 tax rate repeal or change in a tax rate takes effect:
- 735 (A) on the first day of a calendar quarter; and
736 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate
737 change.
- 738 (ii) Subsection (2)(k)(i) applies to the tax rates described in the following:
- 739 (A) Subsection (2)(a)(i)(A);
740 (B) Subsection (2)(a)(i)(B);
741 (C) Subsection (2)(b)(i);
742 (D) Subsection (2)(c)(i); or
743 (E) Subsection (2)(f)(i)(A).
- 744 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,

- 745 the commission may by rule define the term "catalogue sale."
- 746 (l)(i) For a location described in Subsection (2)(l)(ii), the commission shall determine
747 the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel
748 based on the predominant use of the gas, electricity, heat, coal, fuel oil, or other
749 fuel at the location.
- 750 (ii) Subsection (2)(l)(i) applies to a location where gas, electricity, heat, coal, fuel oil,
751 or other fuel is furnished through a single meter for two or more of the following
752 uses:
- 753 (A) a commercial use;
754 (B) an industrial use; or
755 (C) a residential use.
- 756 (3)(a) The commission shall deposit the following state taxes into the General Fund:
- 757 (i) the tax imposed by Subsection (2)(a)(i)(A);
758 (ii) the tax imposed by Subsection (2)(b)(i);
759 (iii) the tax imposed by Subsection (2)(c)(i);
760 (iv) the tax imposed by Subsection (2)(d); and
761 (v) the tax imposed by Subsection (2)(f)(i)(A).
- 762 (b) The commission shall distribute the following local taxes to a county, city, or town
763 as provided in this chapter:
- 764 (i) the tax imposed by Subsection (2)(a)(ii);
765 (ii) the tax imposed by Subsection (2)(b)(ii);
766 (iii) the tax imposed by Subsection (2)(c)(ii); and
767 (iv) the tax imposed by Subsection (2)(f)(i)(B).
- 768 (4)(a) Notwithstanding Subsection (3)(a), for each fiscal year the commission shall make
769 the deposits described in Subsections (4)(b) through (4)(h) from the revenue from the
770 taxes imposed by:
- 771 (i) Subsection (2)(a)(i)(A);
772 (ii) Subsection (2)(b)(i);
773 (iii) Subsection (2)(c)(i); and
774 (iv) Subsection (2)(f)(i)(A).
- 775 (b) The commission shall deposit 15% of the difference between 1.4543% of the
776 revenue described in Subsection (4)(a) and the deposits made under Subsection (5)(b),
777 into the Water Rights Restricted Account created in Section 73-2-1.6.
- 778 (c) The commission shall deposit 85% of the difference between 1.4543% of the revenue

- 779 described in Subsection (4)(a) and the deposits made under Subsection (5)(b), into
780 the Water Resources Conservation and Development Fund created in Section
781 73-10-24 for use by the Division of Water Resources for:
- 782 (i) preconstruction costs:
 - 783 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73,
784 Chapter 26, Bear River Development Act; and
 - 785 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
786 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;
 - 787 (ii) the cost of employing a civil engineer to oversee any project authorized by Title
788 73, Chapter 26, Bear River Development Act;
 - 789 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline
790 project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development
791 Act; and
 - 792 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and
793 Subsection (5)(b)(iv)(B) after funding the uses specified in Subsections (4)(c)(i)
794 through (iii).
- 795 (d) The commission shall deposit 1.4543% of the revenue described in Subsection (4)(a)
796 into the Water Infrastructure Restricted Account created in Section 73-10g-103.
- 797 (e)(i) Subject to Subsection (4)(e)(ii), the commission shall deposit 26.24% of the
798 revenue described in Subsection (4)(a) into the Transportation Investment Fund of
799 2005 created in Section 72-2-124.
- 800 (ii) The commission shall annually reduce the deposit described in Subsection
801 (4)(e)(i) by the sum of:
 - 802 (A) \$1,813,400;
 - 803 (B) the earmark described in Subsection (5)(c); and
 - 804 (C) an amount equal to 35% of the revenue generated in the current fiscal year by
805 the portion of the tax imposed on motor and special fuel that is sold, used, or
806 received in the state that exceeds 29.4 cents per gallon.
 - 807 (iii) The amount described in Subsection (4)(e)(ii)(C) shall be annually deposited into
808 the Transit Transportation Investment Fund created in Section 72-2-124.
- 809 (f) The commission shall deposit .44% of the revenue described in Subsection (4)(a) into
810 the Cottonwood Canyons Transportation Investment Fund created in Section
811 72-2-124.
- 812 (g) The commission shall deposit 1% of the revenue described in Subsection (4)(a) into

- 813 the Commuter Rail Subaccount created in Section 72-2-124.
- 814 (h) The commission shall deposit 1% of the revenue described in Subsection (4)(a) into
815 the Outdoor Adventure Infrastructure Restricted Account created in Section 51-9-902
816 as follows:
- 817 (i) into the Outdoor Adventure Infrastructure Restricted Account created in Section
818 51-9-902, an amount equal to the amount that was deposited into the Outdoor
819 Adventure Infrastructure Restricted Account in fiscal year 2025; and
- 820 (ii) for any amount exceeding the amount described in Subsection (4)(h)(i), 50% into
821 the Outdoor Adventure Infrastructure Restricted Account and 50% to the Utah
822 Fairpark Area Investment and Restoration District created in Section 11-70-201.
- 823 (5)(a) Notwithstanding Subsection (3)(a), each fiscal year the commission shall make
824 the deposits described in this Subsection (5).
- 825 (b)(i)(A) The commission shall deposit \$500,000 to the Department of Natural
826 Resources to be used for watershed rehabilitation or restoration.
- 827 (B) At the end of each fiscal year, 100% of any unexpended amount described in
828 Subsection (5)(b)(i)(A) shall lapse into the Water Resources Conservation and
829 Development Fund created in Section 73-10-24.
- 830 (ii) The commission shall deposit \$150,000 to the Division of Water Resources for
831 cloud-seeding projects authorized by Title 73, Chapter 15, Modification of
832 Weather.
- 833 (iii) The commission shall deposit \$525,000 into the Division of Conservation
834 created in Section 4-46-401 to implement water related programs.
- 835 (iv) The commission shall deposit \$7,175,000 into the Water Resources Conservation
836 and Development Fund created in Section 73-10-24 for use by the Division of
837 Water Resources:
- 838 (A) for the uses allowed of the Water Resources Conservation and Development
839 Fund under Section 73-10-24;
- 840 (B) to conduct hydrologic and geotechnical investigations by the Division of
841 Water Resources in a cooperative effort with other state, federal, or local
842 entities, for the purpose of quantifying surface and ground water resources and
843 describing the hydrologic systems of an area in sufficient detail so as to enable
844 local and state resource managers to plan for and accommodate growth in
845 water use without jeopardizing the resource;
- 846 (C) to fund state required dam safety improvements; and

- 847 (D) to protect the state's interest in interstate water compact allocations, including
848 the hiring of technical and legal staff.
- 849 (v) The commission shall deposit \$3,587,500 into the Utah Wastewater Loan
850 Program Subaccount created in Section 73-10c-5 for use by the Water Quality
851 Board to fund wastewater projects.
- 852 (vi) The commission shall deposit \$3,587,500 into the Drinking Water Loan Program
853 Subaccount created in Section 73-10c-5 for use by the Division of Drinking Water
854 to:
- 855 (A) provide for the installation and repair of collection, treatment, storage, and
856 distribution facilities for any public water system, as defined in Section
857 19-4-102;
- 858 (B) develop underground sources of water, including springs and wells; and
859 (C) develop surface water sources.
- 860 (vii) The commission shall deposit \$2,450,000 to the Division of Wildlife Resources
861 to:
- 862 (A) implement the measures described in Subsections 23A-3-214(3)(a) through
863 (d) to protect sensitive plant and animal species; or
- 864 (B) award grants, up to the amount authorized by the Legislature in an
865 appropriations act, to political subdivisions of the state to implement the
866 measures described in Subsections 23A-3-214(3)(a) through (d) to protect
867 sensitive plant and animal species.
- 868 (viii) Funds transferred to the Division of Wildlife Resources under Subsection
869 (5)(b)(vii)(A) may not be used to assist the United States Fish and Wildlife
870 Service or any other person to list or attempt to have listed a species as threatened
871 or endangered under the Endangered Species Act of 1973, 16 U.S.C. Sec. 1531, et
872 seq.
- 873 (ix) At the end of each fiscal year, any unexpended amounts described in Subsections
874 (5)(b)(vii)(A) and (B) shall lapse:
- 875 (A) 50% into the Water Resources Conservation and Development Fund created
876 in Section 73-10-24;
- 877 (B) 25% into the Utah Wastewater Loan Program Subaccount created in Section
878 73-10c-5; and
- 879 (C) 25% into the Drinking Water Loan Program Subaccount created in Section
880 73-10c-5.

- 881 (x) The commission shall allocate \$175,000 to the Division of Water Rights to cover
882 the costs incurred in hiring legal and technical staff for the adjudication of water
883 rights.
- 884 (xi) At the end of each fiscal year, any unexpended amounts described in Subsection
885 (5)(b)(x) shall lapse:
- 886 (A) 50% into the Water Resources Conservation and Development Fund created
887 in Section 73-10-24;
- 888 (B) 25% into the Utah Wastewater Loan Program Subaccount created in Section
889 73-10c-5; and
- 890 (C) 25% into the Drinking Water Loan Program Subaccount created in Section
891 73-10c-5.
- 892 (c) The commission shall deposit \$45,000,000 into the Active Transportation Investment
893 Fund created in Section 72-2-124.
- 894 (d) The commission shall deposit \$533,750 into the Qualified Emergency Food
895 Agencies Fund created by and expended in accordance with Section 35A-8-1009.
- 896 (e) The commission shall deposit \$200,000 into the General Fund as a dedicated credit
897 for the sole use of the Search and Rescue Financial Assistance Program created by
898 and to be expended in accordance with Title 53, Chapter 2a, Part 11, Search and
899 Rescue Act.
- 900 (6)(a) The rate specified in this Subsection (6) is:
- 901 (i) 0.15%[-] ; or
- 902 (ii) 0% beginning on the July 1 Medicaid expansion ends if the commission receives
903 notice described in Subsection 26B-3-210(4)(d).
- 904 (b) Notwithstanding Subsection (3)(a), the commission shall, for a fiscal year beginning
905 on or after July 1, 2019, annually transfer the amount of revenue collected from the
906 rate described in Subsection (6)(a) on the transactions that are subject to the sales and
907 use tax under Subsection (2)(a)(i)(B) into the Medicaid ACA Fund created in Section
908 26B-1-315.
- 909 (7)(a) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11),
910 (12), and (13), and as described in Section 63N-3-610, beginning the first day of a
911 calendar quarter one year after the sales and use tax boundary for a housing and
912 transit reinvestment zone is established under Title 63N, Chapter 3, Part 6, Housing
913 and Transit Reinvestment Zone Act, the commission, at least annually, shall transfer
914 an amount equal to 15% of the sales and use tax increment from the sales and use tax

- 915 imposed by Subsection (2)(a)(i)(A) at a 4.7% rate, on transactions occurring within
916 an established sales and use tax boundary, as defined in Section 63N-3-602, into the
917 Transit Transportation Investment Fund created in Section 72-2-124.
- 918 (b) Beginning no sooner than January 1, 2026, notwithstanding Subsection (3)(a), and
919 except as provided in Subsections (11), (12), and (13), and as described in Section
920 63N-3-610.1, beginning the first day of a calendar quarter after the year set in the
921 proposal and after the sales and use tax boundary for a convention center
922 reinvestment zone is established in a capital city under Title 63N, Chapter 3, Part 6,
923 Housing and Transit Reinvestment Zone Act, the commission, at least annually, shall
924 transfer an amount equal to 50% of the sales and use tax increment as defined in
925 Section 63N-3-602 from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a
926 4.7% rate, on transactions occurring within an established sales and use tax boundary,
927 as defined in Section 63N-3-602, to a convention center public infrastructure district
928 created in accordance with Section 17D-4-202.1 and specified in the convention
929 center reinvestment zone proposal submitted pursuant to Title 63N, Chapter 3, Part 6,
930 Housing and Transit Reinvestment Zone Act.
- 931 (8) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12), and
932 (13), beginning October 1, 2024, the commission shall transfer to the Utah Fairpark
933 Area Investment and Restoration District, created in Section 11-70-201, the revenue
934 from the sales and use tax imposed by Subsection (2)(a)(i)(A), on transactions occurring
935 within the district sales tax area, as defined in Section 11-70-101.
- 936 (9)(a) As used in this Subsection (9):
- 937 (i) "Additional land" means point of the mountain state land described in Subsection
938 11-59-102(6)(b) that the point of the mountain authority acquires after the point of
939 the mountain authority provides the commission a map under Subsection (9)(c).
- 940 (ii) "Point of the mountain authority" means the Point of the Mountain State Land
941 Authority, created in Section 11-59-201.
- 942 (iii) "Point of the mountain state land" means the same as that term is defined in
943 Section 11-59-102.
- 944 (b) Notwithstanding Subsection (3)(a) and except as provided in Subsections (11), (12),
945 and (13), the commission shall distribute to the point of the mountain authority 50%
946 of the revenue from the sales and use tax imposed by Subsection (2)(a)(i)(A), on
947 transactions occurring on the point of the mountain state land.
- 948 (c) The distribution under Subsection (9)(b) shall begin the next calendar quarter that

- 949 begins at least 90 days after the point of the mountain authority provides the
950 commission a map that:
- 951 (i) accurately describes the point of the mountain state land; and
952 (ii) the point of the mountain authority certifies as accurate.
- 953 (d) A distribution under Subsection (9)(b) with respect to additional land shall begin the
954 next calendar quarter that begins at least 90 days after the point of the mountain
955 authority provides the commission a map of point of the mountain state land that:
- 956 (i) accurately describes the point of the mountain state land, including the additional
957 land; and
958 (ii) the point of the mountain authority certifies as accurate.
- 959 (e)(i) Upon the payment in full of bonds secured by the sales and use tax revenue
960 distributed to the point of the mountain authority under Subsection (9)(b), the
961 point of the mountain authority shall immediately notify the commission in
962 writing that the bonds are paid in full.
- 963 (ii) The commission shall discontinue distributions of sales and use tax revenue under
964 Subsection (9)(b) at the beginning of the calendar quarter that begins at least 90
965 days after the date that the commission receives the written notice under
966 Subsection (9)(e)(i).
- 967 (10) Notwithstanding Subsection (3)(a), the amount of state sales tax revenues described in
968 Section 63N-2-503.5 is deposited into the Convention Incentive Fund created in Section
969 63N-2-503.5.
- 970 (11)(a) As used in this Subsection (11):
- 971 (i) "Applicable percentage" means:
- 972 (A) for a housing and transit reinvestment zone created under Title 63N, Chapter
973 3, Part 6, Housing and Transit Reinvestment Zone Act, 15% of the revenue
974 from the sales and use tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate
975 for sales occurring within the qualified development zone described in
976 Subsection (11)(a)(ii)(A);
- 977 (B) for the Utah Fairpark Area Investment and Restoration District created in
978 Section 11-70-201, the revenue from the sales and use tax imposed by
979 Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified
980 development zone described in Subsection (11)(a)(ii)(B); and
- 981 (C) for the Point of the Mountain State Land Authority created in Section
982 11-59-201, 50% of the revenue from sales and use tax imposed by Subsection

983 (2)(a)(i)(A) at a 4.7% rate for sales occurring within the qualified development
984 zone described in Subsection (11)(a)(ii)(C).

985 (ii) "Qualified development zone" means:

986 (A) the sales and use tax boundary of a housing and transit reinvestment zone
987 created under Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment
988 Zone Act;

989 (B) the district sales tax boundary as defined in Section 11-70-101 for the Utah
990 Fairpark Area Investment and Restoration District, created in Section
991 11-70-201; or

992 (C) the sales and use tax boundary of point of the mountain state land, as defined
993 in Section 11-59-102, under the Point of the Mountain State Land Authority
994 created in Section 11-59-201.

995 (iii) "Schedule J sale" means a sale reported on State Tax Commission Form
996 TC-62M, Schedule J or a substantially similar form as designated by the
997 commission.

998 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
999 qualified development zone shall be deposited into the General Fund.

1000 (12)(a) As used in Subsections (12) and (13):

1001 (i) "Applicable percentage" means, for a convention center reinvestment zone created
1002 in a capital city under Title 63N, Chapter 3, Part 6, Housing and Transit
1003 Reinvestment Zone Act, an amount equal to 50% of the sales and use tax
1004 increment, as that term is defined in Section 63N-3-602, from the sales and use tax
1005 imposed by Subsection (2)(a)(i)(A) at a 4.7% rate for sales occurring within the
1006 qualified development zone described in Subsection (12)(a)(ii).

1007 (ii) "Qualified development zone" means the sales and use tax boundary of a
1008 convention center reinvestment zone created in a capital city under Title 63N,
1009 Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

1010 (iii) "Qualifying construction materials" means construction materials that are:

1011 (A) delivered to a delivery outlet within a qualified development zone; and

1012 (B) intended to be permanently attached to real property within the qualified
1013 development zone.

1014 (b) For a sale of qualifying construction materials, the commission shall distribute the
1015 product calculated in Subsection (12)(c) to a qualified development zone if the seller
1016 of the construction materials:

- 1017 (i) establishes a delivery outlet with the commission within the qualified development
1018 zone;
- 1019 (ii) reports the sales of the construction materials to the delivery outlet described in
1020 Subsection (12)(b)(i); and
- 1021 (iii) does not report the sales of the construction materials on a simplified electronic
1022 return.
- 1023 (c) For the purposes of Subsection (12)(b), the product is equal to:
- 1024 (i) the sales price or purchase price of the qualifying construction materials; and
1025 (ii) the applicable percentage.
- 1026 (13)(a) As used in this Subsection (13), "Schedule J sale" means a sale reported on State
1027 Tax Commission Form TC-62M, Schedule J, or a substantially similar form as
1028 designated by the commission.
- 1029 (b) Revenue generated from the applicable percentage by a Schedule J sale within a
1030 qualified development zone shall be distributed into the General Fund.

1031 **Section 9. Effective Date.**

- 1032 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.
- 1033 (2) The actions affecting Section 59-12-103 (Effective 07/01/26) take effect on July 1, 2026.