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 provisions that govern the permissible uses of funds in the Tobacco Settlement Restricted Account and the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account;
- directs how to satisfy legislative appropriations from the Tobacco Settlement Restricted Account or the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account when the total appropriated amounts exceed actual revenue;
- 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to the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account before the provisions are repealed in accordance with existing statute; and
- makes technical and conforming changes.

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,

182, 277, and 366

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

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

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

(1) There is created within the General Fund a restricted account known as the "Tobacco Settlement Restricted Account."

(2) The account shall earn interest.

(3) The account shall consist of:

(a) on and after July 1, 2007, 60% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998; and

(b) interest earned on the account.

(4)(a) [~~To the extent that funds will be available for appropriation in a given fiscal year, those funds shall be appropriated from the account in the following order~~] To the extent there are available funds in the Tobacco Settlement Restricted Account, the Legislature shall appropriate funds from the account as follows:

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

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

[~~(c)~~] (iii) [~~$11,022,900~~]to the Department of Health and Human Services for:

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

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

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

[~~(e)~~] (v) [~~$193,700~~]to the Administrative Office of the Courts and [~~$2,325,400~~]to the

Department of Health and Human Services for the statewide expansion of the drug court program[~~;~~] .

[~~(f) $4,000,000 to the Utah Board of Higher Education for the University of Utah Health Sciences Center to benefit the health and well-being of Utah citizens through in-state research, treatment, and educational activities; and~~]

[~~(g) any remaining funds as directed by the Legislature through appropriation.~~]

(b) When appropriating money in accordance with this section, the Legislature shall include intent language for each appropriation that refers to the corresponding item in Subsection (4)(a).

(c) If the total amount the Legislature appropriates in a fiscal year for the items described in Subsections (4)(a)(i) through (v) exceeds the actual available funds in the Tobacco Settlement Restricted Account, the Division of Finance shall make transfers to satisfy the Legislature's appropriation for each item described in Subsection (4)(a):

(i) sequentially in the order listed;

(ii) in full or, if insufficient funds are available to satisfy that item, in part; and

(iii) until the available funds in the Tobacco Settlement Restricted Account are exhausted.

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

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

(1) There is created within the General Fund a restricted account known as the "Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account."

(2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account consists of:

(a) revenue collected from the tax imposed by Section 59-14-804;

(b) fees and penalties collected under Section 59-14-810;

(c) all money received by the attorney general or the Department of Commerce as a result of any judgment, settlement, or compromise of claims pertaining to alleged violations of law related to the manufacture, marketing, distribution, or sale of electronic cigarette products, as defined in Section 76-9-1101:

(i) if the total amount of the judgment, settlement, or compromise received by the state exceeds $1,000,000; and

(ii) after reimbursement to the attorney general and the Department of Commerce for

expenses related to the matters described in this Subsection (2)(c); and

(d) amounts appropriated by the Legislature.

(3)(a) Subject to Subsections (3)(b) and (c), for each fiscal year and subject to appropriation by the Legislature, the Division of Finance shall distribute funds from the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account as follows:

(i) [~~$2,000,000~~]to the Department of Health and Human Services for enforcement services aimed at disrupting organizations and networks that provide tobacco products, electronic cigarette products, nicotine products, or other illegal controlled substances to minors, which the Department of Health and Human Services shall allocate to the local health departments using the formula created in accordance with Section 26A-1-116;

(ii) [~~$1,180,000~~]to the Department of Public Safety for law enforcement officers aimed at disrupting organizations and networks that provide tobacco products, electronic cigarette products, nicotine products, and other illegal controlled substances to minors;

(iii) [~~$1,000,000~~]to the Department of Health and Human Services for enforcement services aimed at disrupting organizations and networks that provide tobacco products, electronic cigarette products, nicotine products, and other illegal controlled substances to minors;

(iv) [~~$3,000,000~~]to the Department of Health and Human Services for community partner prevention programs, which the Department of Health and Human Services shall allocate to the local health departments using the formula created in accordance with Section 26A-1-116;

(v) [~~$1,000,000~~]to the Department of Health and Human Services for statewide cessation programs and prevention education;

(vi) [~~$2,000,000~~]to the Department of Health and Human Services for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and make use of media outlets, including radio, newspaper, billboards, and television; and

(vii) [~~$5,084,200~~]to the State Board of Education for school-based prevention programs.

[~~(b) If the amount in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account is insufficient to cover the distributions described in Subsection~~

~~(3)(a), the Division of Finance shall make the distributions under Subsection (3)(a):~~]

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

[~~(ii) in full or, if insufficient funds are available to satisfy the next distribution in the sequence, in part; and~~]

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

(b) When appropriating money in accordance with this section, the Legislature shall include intent language for each appropriation that refers to the corresponding item in Subsection (3)(a).

(c) If the total amount the Legislature appropriates for the items described in Subsections (3)(a)(i) through (vii) in a fiscal year exceeds the actual available funds in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account, the Division of Finance shall make transfers to satisfy the Legislature's appropriation for each item described in Subsection (3)(a):

(i) sequentially in the order listed;

(ii) in full or, if insufficient funds are available to satisfy that item, in part; and

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

[~~(c)~~] (d) For each fiscal year and subject to appropriation by the Legislature, the Division of Finance shall distribute from the funds deposited under Section 59-14-810 into the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:

(i) to the commission, in an amount equal to the amount necessary to create and maintain the registry described in Section 59-14-810;

(ii) to the Department of Health and Human Services, in an amount necessary for completing duties described in Section 59-14-810; and

(iii) to the Department of Health and Human Services, the remainder to be divided among the local health departments for inspection and enforcement described in Sections 26A-1-131 and 59-14-810.

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

(i) the regulation provisions described in Section 26B-7-505;

(ii) the labeling requirement described in Section 26B-7-505; and

(iii) the penalty provisions described in Section 26B-7-518.

165 (b) The Department of Health and Human Services shall use the money received in
166 accordance with Subsection (3)(a)(v) for the Youth Electronic Cigarette, Marijuana,
167 and Other Drug Prevention Program created in Section 26B-1-428.
168 (c) The local health departments shall use the money received in accordance with
169 Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and
170 Other Drug Prevention Grant Program created in Section 26A-1-129.
171 (d) The State Board of Education shall use the money received in accordance with
172 Subsection (3)(a)(vii) to distribute to local education agencies to pay for:
173 (i)(A) stipends for positive behaviors specialists as described in Subsection
174 53G-10-407(4)(a)(i);
175 (B) the cost of administering the positive behaviors plan as described in
176 Subsection 53G-10-407(4)(a)(ii); and
177 (C) the cost of implementing an Underage Drinking and Substance Abuse
178 Prevention Program in grade 4 or 5, as described in Subsection
179 53G-10-406(3)(b); or
180 (ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.
181 (5)(a) The fund shall earn interest.
182 (b) All interest earned on fund money shall be deposited into the fund.
183 (6) Subject to legislative appropriations, funds remaining in the Electronic Cigarette
184 Substance and Nicotine Product Proceeds Restricted Account after the distribution
185 described in Subsection (3) may only be used for:
186 (a) funding commission personnel to enforce compliance with the tax collection
187 requirements of this part; and
188 (b) programs and activities related to the prevention and cessation of electronic cigarette,
189 nicotine products, marijuana, and other drug use.
190 Section 3. Section **63I-1-259** is amended to read:
191 **63I-1-259 (Effective 05/06/26). Repeal dates: Title 59.**
192 (1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to
193 inform the Department of Workforce Services whether an individual claimed a federal
194 earned income tax credit, is repealed July 1, 2029.
195 (2) Section 59-2-1603, Allocation of money in the Property Tax Valuation Fund -- Use of
196 funds, is repealed July 1, 2030.
197 (3) Section 59-5-304, Tax credit for mining exploration, is repealed July 1, 2037.
198 (4) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is

repealed July 1, 2029.

(5) Section 59-9-102.5, Offset for occupational health and safety related donations, is repealed December 31, 2030.

(6) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is repealed July 1, 2029.

(7) Subsection 59-14-807(3)(a)(vi), regarding funding for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs, is repealed July 1, 2030.

(8) Subsection 59-14-807(4)(b), regarding money for the Youth Electronic Cigarette, Marijuana, and Other Drug Prevention Committee, is repealed July 1, 2030.

[~~(7)~~] (9) Subsection 59-28-103(5), regarding a tax rate on certain transactions that take place within a county of the first class, is repealed July 1, 2047.

Section 4. Section **63I-2-259** is amended to read:

63I-2-259 (Effective 05/06/26). Repeal dates: Title 59.

(1) Subsection 59-7-159(3)(b)(iii), referencing Section 59-7-614.10, is repealed December 31, 2026.

(2) Section 59-7-614.10, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.

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

(4) Section 59-10-1037, Nonrefundable enterprise zone tax credit, is repealed December 31, 2026.

[~~(5) Subsection 59-14-807(3)(a)(iii), regarding the Youth Electronic Cigarette, Marijuana, and Other Drug Prevention Committee, is repealed July 1, 2030.~~]

[~~(6) Subsection 59-14-807(4)(b), regarding the Youth Electronic Cigarette, Marijuana, and Other Drug Prevention Committee, is repealed July 1, 2030.~~]

[~~(7)~~] (5) Section 59-24-103.8, Radioactive waste facility expansion tax -- Payment -- Deposit of tax revenue, is repealed July 1, 2026.

Section 5. **Effective Date.**

(1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.

(2) The actions affecting the following sections take effect on July 1, 2026:

(a) Section 51-9-201 **(Effective 07/01/26)**; and

(b) Section 59-14-807 **(Effective 07/01/26)**.