



This Week in State Tax (TWIST)

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Utah: Legislature passes bills imposing targeted advertising tax and clarifying tax on streaming

The Utah legislature recently passed two bills that add to the growing efforts by states to impose tax on certain digital services. Senate Bill 287 would create a new tax on certain advertising activity, while Senate Bill 162 would clarify the taxability of streaming services in Utah.

[Senate Bill 287](#) establishes a new tax on business entities that deliver “targeted advertising” into Utah and meet specified gross receipts thresholds. “Targeted advertising” in general terms means an advertisement delivered to an individual or audience in Utah, regardless of how delivered, which the seller sells to an advertiser through a bidding process, the seller obtains or develops individualized data profiles for the advertisement, and the recipient of the advertisement can interact with the advertisement (e.g., through a link or QR code) to access information or make a purchase. To be subject to the tax, an entity must have \$1 million or more in gross receipts from the delivery of targeted advertising in Utah, gross receipts of at least \$100 million from all its targeted advertising, and at least 50 percent of its total gross receipts must be derived from targeted advertising. The tax is scheduled to take effect January 1, 2027, and the rate is currently set at 4.85 percent of applicable gross receipts.

[Senate Bill 162](#) clarifies that Utah sales and use tax applies to a broad range of digital content and services by expressly imposing tax on amounts paid or charged for access to digital audio-visual works, digital audio works, digital books, and gaming services. This includes both streaming and subscription-based access services and applies regardless of how the content is delivered and whether a customer purchases single-use access (e.g., a one-time rental or pay-per-view event) or access through a subscription model, including subscriptions that may terminate upon the occurrence of a condition.

In addition to streaming and digital content, Senate Bill 162 also confirms that amounts paid or charged for the storage, use, or other consumption of prewritten computer software are taxable whether the software is delivered electronically, by “load and leave” (installed from a physical device without transferring the device itself), or accessed as seller-hosted prewritten computer software (such as software-as-a-service). Both measures were delivered to Governor Cox on March 13. For any questions on these measures or other Utah matters, please reach out to [Michael Larkin](#) and [Chris Hoge](#).

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