H-2494.1

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**SUBSTITUTE HOUSE BILL 1645**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** House Commerce & Gaming (originally sponsored by Representatives Pollet, Harris, Carlyle, Cody, Johnson, Tharinger, Robinson, Lytton, Kagi, Ryu, S. Hunt, Farrell, Moscoso, Riccelli, McBride, and Jinkins; by request of Governor Inslee and Attorney General)

AN ACT Relating to youth substance use prevention associated with tobacco and drug delivery e-cigarettes and vapor products; amending RCW 26.28.080, 28A.210.310, 70.155.010, 70.155.020, 70.155.030, 70.155.050, 70.155.070, 70.155.080, 70.155.090, 70.155.100, 70.155.110, 70.155.120, and 70.155.130; reenacting and amending RCW 43.79A.040; adding new sections to chapter 70.155 RCW; creating new sections; prescribing penalties; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that the availability and use of nicotine vapor inhalation products, such as e-cigarettes, e-devices, and vape pens, have increased dramatically in recent years, and that the use of such products has become commonplace in this state on the part of both adults and youth. The low cost of e-cigarettes and nicotine liquids for vapor products, as compared to cigarettes, is a key factor with respect to the popularity of such products. Despite the increasing popularity of vapor products and the resultant rapid expansion of the vapor products market, commerce in such products is wholly unregulated and is not subject to the legal requirements regarding youth access, public health disclosures, licensing, or taxation, applicable to commerce in cigarettes and other tobacco products.

(2) The potential public health risks posed by vapor products are many-faceted, and include nicotine addiction, liquid nicotine poisoning, the potential inhalation of carcinogens and toxic substances, and the adverse effects of nicotine on adolescent brain development. When exposed to heat, the nicotine solutions used in vapor products can generate a range of chemical byproducts that may have adverse health consequences when inhaled. The specific chemistry of the liquid nicotine solutions used in vapor products is not standardized and neither manufacturers nor retailers are required to disclose the chemical contents of the solutions. Consumers, therefore, have no way of determining exactly what substances they are inhaling or what the health consequences of such inhalation might be.

(3) When absorbed through the skin liquid nicotine may be toxic to both adults and children. In Washington, poison center calls related to vapor products have increased from two in 2010 to one hundred forty-four in the first nine months of 2014, ninety-seven of which involved children. Of the calls involving children, eighty-four percent were one to three years old. However, due to the current lack of regulation, vapor products manufacturers, distributors, and retailers are not subject to labeling and advertising requirements or other regulations designed to provide consumers with product safety warnings or other health-related information.

(4) The current easy access to vapor products is particularly problematic with respect to teenagers. A study conducted by the Centers for Disease Control and Prevention (CDC) reported that in 2013 more than a quarter of a million youth who had never smoked a cigarette had used vapor products. The CDC also noted that in 2011 this number was seventy-nine thousand, which increased to more than two hundred sixty-three thousand in 2013, thus reflecting a more than threefold increase in the number of youth using vapor products during this three-year period. Such statistics underscore the urgent need for the creation of a comprehensive regulatory framework governing commerce in vapor products, especially with respect to restricting access to such products by children and teenagers. It is well-understood that the ability to make rational decisions regarding risky behaviors such as smoking cigarettes and drinking alcohol is less developed in teenagers as compared to adults, and our legal system has traditionally responded by protecting teenagers from such risks through the restriction or prohibition of teen involvement in such activities. As is the case with commerce in cigarettes and alcohol, the vapor products market requires regulatory oversight that focuses upon preventing children and teenagers from accessing and using products that can cause addiction and other adverse health consequences.

(5) Although it is clear that commerce in vapor products should be subject to stringent regulatory controls, the development of a regulatory framework must be tempered by an awareness of the potential for creating an illegal black market in vapor products. If regulatory measures related to licensing and taxation unduly restrict the development of the market, and thus cause extreme increases in retail prices, then the stage will be set for the emergence of a black market similar to that experienced by the cigarette industry.

(6) The legislature finds, therefore, that this act is necessary to protect the public health, safety, and welfare by preventing youth from having access to addictive vapor products, ensuring that consumers have accurate information about potentially dangerous products, and protecting the public from nicotine poisoning.

**Sec.**  RCW 26.28.080 and 2013 c 47 s 1 are each amended to read as follows:

(1) ((~~Every~~)) A person who sells or gives, or permits to be sold or given, to ((~~any~~)) a person under the age of eighteen years any cigar, cigarette, cigarette paper or wrapper, tobacco in any form, or a vapor product is guilty of a gross misdemeanor.

(2) It ((~~shall be no~~)) is not a defense to a prosecution for a violation of this section that the person acted, or was believed by the defendant to act, as agent or representative of another.

(3) For the purposes of this section, "vapor product" ((~~means a noncombustible tobacco-derived product containing nicotine that employs a mechanical heating element, battery, or circuit, regardless of shape or size, that can be used to heat a liquid nicotine solution contained in cartridges. Vapor product does not include any product that is regulated by the United States food and drug administration under chapter V of the federal food, drug, and cosmetic act~~)) has the same meaning as provided in RCW 70.155.010.

**Sec.**  RCW 28A.210.310 and 1997 c 9 s 1 are each amended to read as follows:

(1) To protect children in the public schools of this state from exposure to the addictive substance of nicotine, each school district board of directors ((~~shall~~)) must have a written policy mandating a prohibition on the use of all tobacco products and vapor products on public school property.

(2) The policy in subsection (1) of this section ((~~shall~~)) must include, but not be limited to, a requirement that students and school personnel be notified of the prohibition, the posting of signs prohibiting the use of tobacco products and vapor products, sanctions for students and school personnel who violate the policy, and a requirement that school district personnel enforce the prohibition. Enforcement policies adopted in the school board policy ((~~shall be~~)) are in addition to the enforcement provisions in RCW 70.160.070.

(3) For purposes of this section, "vapor product" means any: (a) Device that employs a battery or other mechanism to heat a solution or substance to produce a vapor or aerosol intended for inhalation; (b) cartridge or container of a solution or substance intended to be used with or in such a device or to refill such a device; or (c) solution or substance intended for use in such a device, including, but not limited to, concentrated nicotine. "Vapor product" includes any electronic cigarettes, electronic nicotine delivery systems, electronic cigars, electronic cigarillos, electronic pipes, vape pens, or similar products or devices, as well as any parts that can be used to build such products or devices. "Vapor product" does not include any drug, device, or combination product approved for sale by the United States food and drug administration that is marketed and sold for such approved purpose.

**Sec.**  RCW 70.155.010 and 2009 c 278 s 1 are each amended to read as follows:

The definitions ((~~set forth~~)) in this section and RCW 82.24.010 ((~~shall apply to this chapter. In addition, for the purposes of this chapter, unless otherwise required by the context:~~)) apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the Washington state liquor control board.

(2) "Concentrated nicotine" means any solution or substance with a nicotine concentration greater than ten milligrams per milliliter.

(3) "Department" means the department of health.

(4) "Distributor" means a distributor as defined in RCW 82.26.010.

(5) "Internet" means any computer network, telephonic network, or other electronic network.

((~~(3)~~)) (6) "Manufacturer" means any person, including but not limited to a repacker or relabeler, who manufactures, fabricates, assembles, processes, or labels a vapor product or who imports a finished vapor product for sale or distribution into the United States.

(7) "Minor" refers to an individual who is less than eighteen years old.

((~~(4)~~)) (8) "Packaging" means a pack, box, carton, wrapping, or container of any kind in which a vapor product is sold or offered for sale to a consumer.

(9) "Person" means any natural person, partnership, firm, joint stock company, corporation, or other legal entity, including an employee of any such entity.

(10) "Retailer" means any person engaged in the business of selling tobacco products or vapor products to ultimate consumers.

(11) "Sale" means any transfer, exchange, or barter, in any manner or by any means, for consideration, and includes all sales made by any person. "Sale" includes a gift by a person engaged in the business of selling tobacco products or vapor products for advertising, promoting, or as a means of evading the provisions of this chapter.

(12) "Sample" means a tobacco product distributed to members of the general public at no cost or at nominal cost for product promotion purposes.

((~~(5)~~)) (13) "Sampling" means the distribution of samples to members of the public.

((~~(6)~~)) (14) "Tobacco product" means a product that contains tobacco and is intended for human use, including ((~~any product~~)) "cigarettes" defined in RCW 82.24.010((~~(2)~~)) or "tobacco products" defined in RCW 82.26.010((~~(1)~~)), except that for the purposes of RCW 70.155.140 only, "tobacco product" does not include cigars defined in RCW 82.26.010 as to which one thousand units weigh more than three pounds.

(15) "Vapor product" means any: (a) Device that employs a battery or other mechanism to heat a solution or substance to produce a vapor or aerosol intended for inhalation; (b) cartridge or container of a solution or substance intended to be used with or in such a device or to refill such a device; or (c) solution or substance intended for use in such a device, including, but not limited to, concentrated nicotine. "Vapor product" includes any electronic cigarettes, electronic nicotine delivery systems, electronic cigars, electronic cigarillos, electronic pipes, vape pens, or similar products or devices, as well as any parts that can be used to build such products or devices. "Vapor product" does not include any drug, device, or combination product approved for sale by the United States food and drug administration that is marketed and sold for such approved purpose.

**Sec.**  RCW 70.155.020 and 1993 c 507 s 3 are each amended to read as follows:

A person who holds a license issued under RCW 82.24.520 ((~~or~~)), 82.24.530 ((~~shall~~)), or section 24 of this act must:

(1) Display the license or a copy in a prominent location at the outlet for which the license is issued; and

(2)(a) Display a sign concerning the prohibition of tobacco product and vapor product sales to minors.

(b) Such sign ((~~shall~~)) must:

((~~(a)~~)) (i) Be posted so that it is clearly visible to anyone purchasing tobacco products or vapor products from the licensee;

((~~(b)~~)) (ii) Be designed and produced by the department of health to read: "THE SALE OF TOBACCO PRODUCTS AND VAPOR PRODUCTS TO PERSONS UNDER AGE 18 IS STRICTLY PROHIBITED BY STATE LAW. IF YOU ARE UNDER 18, YOU COULD BE PENALIZED FOR PURCHASING A TOBACCO PRODUCT OR A VAPOR PRODUCT; PHOTO ID REQUIRED"; and

((~~(c)~~)) (iii) Be provided free of charge by the ((~~liquor control~~)) board.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

A person who holds a license issued under chapter 82.24 or 82.26 RCW or section 24 of this act must conduct the business and maintain the premises in compliance with Titles 9 and 9A RCW and chapter 69.50 RCW.

**Sec.**  RCW 70.155.030 and 1994 c 202 s 1 are each amended to read as follows:

Unless preempted by federal law, no person ((~~shall~~)) may sell or permit to be sold any tobacco product or vapor product through any device that mechanically dispenses tobacco products or vapor products unless the device is located fully within premises from which minors are prohibited or in industrial worksites where minors are not employed and not less than ten feet from all entrance or exit ways to and from each premises. The board ((~~shall~~)) must adopt rules that allow an exception to the requirement that a device be located not less than ten feet from all entrance or exit ways to and from a premises if it is architecturally impractical for the device to be located not less than ten feet from all entrance and exit ways.

**Sec.**  RCW 70.155.050 and 2006 c 14 s 3 are each amended to read as follows:

(1) Unless preempted by federal law, no person may engage in the business of sampling tobacco products or vapor products.

(2) No person may offer a tasting of vapor products to the general public unless:

(a) The person is a licensed retailer under section 24 of this act;

(b) The tastings are offered only within the licensed premises operated by the licensee and the products tasted are not removed from within the licensed premises by the customer; and

(c) Entry into the licensed premises is restricted to persons eighteen years of age or older.

(3) A violation of this section is a misdemeanor.

**Sec.**  RCW 70.155.070 and 1993 c 507 s 8 are each amended to read as follows:

No person ((~~shall~~)) may give or distribute vapor products, cigarettes, or other tobacco products to a person by a coupon if such coupon is redeemed in any manner that does not require an in-person transaction in a retail store.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) In accordance with the provisions of this section, the holder of a license to manufacture, distribute, or engage in the retail sale of vapor products in this state or another state may ship its vapor products to a person who is a resident of Washington and is eighteen years of age or older for that person's personal use and not for resale.

(2) Before vapor products may be shipped by an in-state or out-of-state vapor products manufacturer, distributor, or retailer to a person who is a resident of Washington, the manufacturer, distributor, or retailer must:

(a) Obtain a vapor products shipper's permit under procedures prescribed by the board by rule and pay a fee established by the board, if the vapor products manufacturer, distributor, or retailer is located outside the state; or

(b) Be licensed as a vapor products distributor or retailer by the board and have paid the annual license fee.

(3) An applicant for a vapor products shipper's permit under subsection (2)(a) of this section must:

(a) Operate a vapor products manufacturing, distribution, or retail facility located in the United States;

(b) Provide the board a copy of its valid license to manufacture, distribute, or sell vapor products that is issued by another state; and

(c) Certify that it holds all state and federal licenses and permits necessary to manufacture, distribute, or sell vapor products.

(4) A domestic vapor products distributor or retailer, or a vapor product's shippers permit holder, must clearly label the outside of all vapor products shipping packages and containers sent into or out of this state under this chapter to indicate that the package cannot be delivered to a person under eighteen years of age.

(5) A domestic vapor products distributor or retailer, or a vapor product's shippers permit holder, must ensure that the private carrier used to deliver vapor products obtains the signature of the person who receives the vapor products upon delivery and verifies the age of the recipient.

(6) A domestic vapor products distributor or retailer, and a vapor product's shippers permit holder, must report to the board, on or before the twentieth day of each month, all shipments of vapor products made during the preceding calendar month directly to Washington consumers under a vapor products shippers permit or a vapor products distribution or retail license, in effect for all or any portion of the preceding year. All reports will be on forms prescribed by the board.

(7) A vapor product shipper's permit holder and a licensed domestic vapor products distributor or retailer that advertises or offers vapor products for direct shipment to customers within this state must clearly and conspicuously display the permit or license number in its advertising.

(8) A fee for a vapor products shipper's permit may be established by the board.

(9) Holders of a vapor products shipper's permit are deemed to have consented to the jurisdiction of Washington concerning enforcement of the provisions of this chapter and all other laws, rules, and regulations related to the shipment of vapor products from vapor products manufacturers, distributors, or retailers directly to consumers.

(10)(a) A permit issued under this chapter to a vapor products manufacturer, distributor, or retailer located outside this state who fails to comply with the provisions of this chapter must be suspended or revoked.

(b) The privilege to ship vapor products directly to Washington consumers under a domestic vapor products distribution or retail license must be suspended or revoked if the licensee fails to comply with the provisions of this chapter.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) Subject to the provisions of this section, the board, in consultation with the department, must adopt rules regarding vapor product labeling and advertising disclosure requirements. These rules must address requirements regarding product health and safety warnings and the disclosure of the ingredients contained in vapor products that are advertised or offered for sale in this state.

(2) Prior to the adoption of the rules required under this section, the board and the department must jointly conduct a study that includes:

(a) The identification of the chemicals and substances commonly found in the liquids contained in vapor products;

(b) The identification of the chemicals and substances contained in the vapors or aerosols emitted from vapor products;

(c) The determination of whether any of the chemicals or substances contained within, or emitted from, vapor products contain toxins or carcinogens, or otherwise pose a risk to public health and safety; and

(d) Any other matter relating to potential health risks posed by the use of vapor products, as determined by the board and the department.

(3) In conducting the study, the board and the department must consult with the following:

(a) Scientists, physicians, researchers, academics, or other professionals with expertise relevant to the understanding of the design, operation, and/or health effects of vapor products;

(b) Public health professionals and organizations;

(c) Vapor product manufacturers, distributors, and/or retailers;

(d) Governmental representatives; and

(e) Other individuals or entities with relevant expertise, as determined by the board and the department.

(4) Upon completion of the study, and prior to the adoption of the rules authorized under this section, the board must prepare a written report regarding the results of the study and containing findings and recommendations regarding vapor product labeling and advertising requirements. The report must be submitted to the governor and the appropriate committees of the legislature not later than December 1, 2015.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) Unless preempted by federal law, the board is authorized to promulgate rules regulating the chemical composition of the liquids contained in vapor products, including substances included for flavoring purposes. In developing such rules the board must consult with the department.

(2) Upon request by the board or the department, either the manufacture or the distributor of a vapor product must provide the board with a list of all substances, and their relative proportions, contained in the liquid contents of the product.

(3) The board may prohibit the sale of vapor products that contain or emit chemicals or substances, other than nicotine, that pose a substantial threat to public health and safety.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) No person may offer a tobacco product or a vapor product for sale in an open, unsecured display that is accessible to the public without the intervention of a store employee.

(2) This section does not apply to a person licensed under RCW 82.24.520, 82.24.530, or section 24 of this act if access to the licensed premises is restricted to individuals who are eighteen years of age or older.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) Unless preempted by federal law, any substance intended for use in a vapor product that is sold at retail in this state must satisfy the child-resistant effectiveness standards under 16 C.F.R. Sec. 1700, the poison prevention packaging act, as it existed on the effective date of this section, or such subsequent date as may be provided by the board by rule, consistent with the purposes of this section.

(2) A substance contained in a cartridge sold, marketed, or intended for use in a vapor product that is prefilled and sealed by the manufacturer, and not intended to be opened by the consumer, is exempt from subsection (1) of this section.

(3) A manufacturer that knowingly sells or distributes a substance intended for use in a vapor product that does not satisfy the requirements of this section is guilty of a class C felony.

(4) The provisions of this section are null and void and of no force and effect, upon the effective date of final regulations issued by the United States food and drug administration or from any other federal agency, where such regulations mandate child-resistant effectiveness standards for liquid nicotine containers.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

A person may not sell, offer for sale, or possess with intent to sell or offer for sale any vapor product within the state that contains a substance that increases the absorption of nicotine as determined by the board in consultation with the department.

**Sec.**  RCW 70.155.080 and 2002 c 175 s 47 are each amended to read as follows:

(1) A person under the age of eighteen who purchases or attempts to purchase, possesses, or obtains or attempts to obtain cigarettes ((~~or~~)), tobacco products, or vapor products commits a class 3 civil infraction under chapter 7.80 RCW and is subject to a fine as set out in chapter 7.80 RCW or participation in up to four hours of community restitution, or both. The court may also require participation in a ((~~smoking~~)) cessation program. This provision does not apply if a person under the age of eighteen((~~, with parental authorization,~~)) is participating in a controlled purchase as part of a ((~~liquor control~~)) board, law enforcement, or local health department activity.

(2) Municipal and district courts within the state have jurisdiction for enforcement of this section.

**Sec.**  RCW 70.155.090 and 2006 c 14 s 4 are each amended to read as follows:

(1) Where there may be a question of a person's right to purchase or obtain tobacco products or vapor products by reason of age, the retailer or agent thereof((~~, shall~~)) must require the purchaser to present any one of the following officially issued identification that shows the purchaser's age and bears his or her signature and photograph: (a) ((~~Liquor control authority card of identification of a state or province of Canada; (b)~~)) Driver's license, instruction permit, or identification card of a state or province of Canada; ((~~(c)~~)) (b) "identicard" issued by the Washington state department of licensing under chapter 46.20 RCW; ((~~(d)~~)) (c) United States military identification; ((~~(e)~~)) (d) passport; ((~~(f)~~)) (e) enrollment card, issued by the governing authority of a federally recognized Indian tribe located in Washington, that incorporates security features comparable to those implemented by the department of licensing for Washington drivers' licenses. At least ninety days prior to implementation of an enrollment card under this subsection, the appropriate tribal authority ((~~shall~~)) must give notice to the board. The board ((~~shall~~)) must publish and communicate to licensees regarding the implementation of each new enrollment card; or ((~~(g)~~)) (f) merchant marine identification card issued by the United States coast guard.

(2) It is a defense to a prosecution under RCW 26.28.080 that the person making a sale reasonably relied on any of the officially issued identification as defined in subsection (1) of this section. The ((~~liquor control~~)) board ((~~shall~~)) must waive the suspension or revocation of a license if the licensee clearly establishes that he or she acted in good faith to prevent violations and a violation occurred despite the licensee's exercise of due diligence.

**Sec.**  RCW 70.155.100 and 2006 c 14 s 5 are each amended to read as follows:

(1) The ((~~liquor control~~)) board may suspend or revoke a retailer's license issued under RCW 82.24.510(1)(b) or section 24(1)(b) of this act held by a business at any location, or may impose a monetary penalty as set forth in subsection (2) of this section, if the ((~~liquor control~~)) board finds that the licensee has violated RCW 26.28.080, 70.155.020((~~, 70.155.030, 70.155.040, 70.155.050, 70.155.070, or 70.155.090~~)) through 70.155.070, 70.155.090, sections 13 through 15 of this act, or 21 C.F.R. Sec. 1140.14 as it exists on the effective date of this section.

(2) The sanctions that the ((~~liquor control~~)) board may impose against a person licensed under RCW ((~~82.24.530~~)) 82.24.510(1)(b) or section 24(1)(b) of this act based upon one or more findings under subsection (1) of this section may not exceed the following:

(a) For violations of RCW 26.28.080 ((~~or~~)), 70.155.020, sections 14 and 15 of this act, or 21 C.F.R. Sec. 1140.14, and for violations of RCW 70.155.040 occurring on the licensed premises:

(i) A monetary penalty of ((~~one~~)) two hundred dollars for the first violation within any ((~~two~~)) three-year period;

(ii) A monetary penalty of ((~~three~~)) six hundred dollars for the second violation within any ((~~two~~)) three-year period;

(iii) A monetary penalty of ((~~one~~)) two thousand dollars and suspension of the license for a period of six months for the third violation within any ((~~two~~)) three-year period;

(iv) A monetary penalty of ((~~one~~)) three thousand ((~~five hundred~~)) dollars and suspension of the license for a period of twelve months for the fourth violation within any ((~~two~~)) three-year period;

(v) Revocation of the license with no possibility of reinstatement for a period of five years for the fifth or more violation within any ((~~two~~)) three-year period;

(b) For violations of section 6 of this act, suspension or revocation of the license;

(c) For violations of RCW 70.155.030, a monetary penalty in the amount of ((~~one~~)) two hundred dollars for each day upon which such violation occurred;

((~~(c) For violations of RCW 70.155.040 occurring on the licensed premises:~~

~~(i) A monetary penalty of one hundred dollars for the first violation within any two-year period;~~

~~(ii) A monetary penalty of three hundred dollars for the second violation within any two-year period;~~

~~(iii) A monetary penalty of one thousand dollars and suspension of the license for a period of six months for the third violation within any two-year period;~~

~~(iv) A monetary penalty of one thousand five hundred dollars and suspension of the license for a period of twelve months for the fourth violation within any two-year period;~~

~~(v) Revocation of the license with no possibility of reinstatement for a period of five years for the fifth or more violation within any two-year period;~~))

(d) For violations of RCW 70.155.050 or section 13 of this act, a monetary penalty in the amount of ((~~three~~)) six hundred dollars for each violation;

(e) For violations of RCW 70.155.070, a monetary penalty in the amount of ((~~one~~)) two thousand dollars for each violation.

(3) The ((~~liquor control~~)) board may impose a monetary penalty upon any person other than a licensed cigarette or vapor product retailer if the ((~~liquor control~~)) board finds that the person has violated RCW 26.28.080, 70.155.020((~~, 70.155.030, 70.155.040, 70.155.050, 70.155.070, or 70.155.090~~)) through 70.155.070, 70.155.090, or sections 13 through 15 of this act.

(4) The monetary penalty that the ((~~liquor control~~)) board may impose based upon one or more findings under subsection (3) of this section may not exceed the following:

(a) For violations of RCW 26.28.080 ((~~or 70.155.020, fifty~~)), 70.155.020, or sections 14 and 15 of this act, one hundred dollars for the first violation and ((~~one~~)) two hundred dollars for each subsequent violation;

(b) For violations of RCW 70.155.030, ((~~one~~)) two hundred dollars for each day upon which such violation occurred;

(c) For violations of RCW 70.155.040, ((~~one~~)) two hundred dollars for each violation;

(d) For violations of RCW 70.155.050 or section 13 of this act, ((~~three~~)) six hundred dollars for each violation;

(e) For violations of RCW 70.155.070, ((~~one~~)) two thousand dollars for each violation.

(5) The ((~~liquor control~~)) board may develop and offer a class for retail clerks and use this class in lieu of a monetary penalty for the clerk's first violation.

(6) The ((~~liquor control~~)) board may issue a cease and desist order to any person who is found by the ((~~liquor control~~)) board to have violated or intending to violate the provisions of this chapter, RCW 26.28.080 ((~~or~~)), 82.24.500, or section 24 of this act, requiring such person to cease specified conduct that is in violation. The issuance of a cease and desist order ((~~shall~~)) does not preclude the imposition of other sanctions authorized by this statute or any other provision of law.

(7) The ((~~liquor control~~)) board may seek injunctive relief to enforce the provisions of RCW 26.28.080 ((~~or~~)), 82.24.500, section 24 of this act, or this chapter. The ((~~liquor control~~)) board may initiate legal action to collect civil penalties imposed under this chapter if the same have not been paid within thirty days after imposition of such penalties. In any action filed by the ((~~liquor control~~)) board under this chapter, the court may, in addition to any other relief, award the ((~~liquor control~~)) board reasonable attorneys' fees and costs.

(8) All proceedings under subsections (1) through (6) of this section ((~~shall~~)) must be conducted in accordance with chapter 34.05 RCW.

(9) The ((~~liquor control~~)) board may reduce or waive either the penalties or the suspension or revocation of a license, or both, as set forth in this chapter where the elements of proof are inadequate or where there are mitigating circumstances. Mitigating circumstances may include, but are not limited to, an exercise of due diligence by a retailer. Further, the board may exceed penalties set forth in this chapter based on aggravating circumstances.

(10) The revenue derived from the monetary sanctions authorized under this section must be deposited into the dedicated tobacco and vapor products enforcement account created in section 19 of this act. Expenditures from the account may be used only for costs and expenditures related to the enforcement of this chapter.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

The dedicated tobacco and vapor products enforcement account is created in the custody of the state treasurer. All receipts from monetary penalties collected under this chapter must be deposited into the account. Expenditures from the account may be used only for the purposes of this chapter in order to defray the costs of activities and expenditures related to the regulation of vapor products, cigarettes, and other tobacco products. Only the chair of the board or the chair's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec.**  RCW 70.155.110 and 1993 c 507 s 12 are each amended to read as follows:

(1) The ((~~liquor control~~)) board ((~~shall~~)) must, in addition to the board's other powers and authorities, have the authority to enforce the provisions of this chapter and RCW 26.28.080((~~(4) and~~)), 82.24.500, and section 24 of this act. The ((~~liquor control~~)) board ((~~shall have~~)) has full power to revoke or suspend the license of any retailer ((~~or~~)), distributor, or wholesaler in accordance with the provisions of RCW 70.155.100.

(2) The ((~~liquor control~~)) board and the board's ((~~authorized agents~~)) enforcement officers or employees ((~~shall~~)) have full power and authority to enter any place of business where tobacco products or vapor products are sold for the purpose of enforcing the provisions of this chapter.

(3) For the purpose of enforcing the provisions of this chapter and RCW 26.28.080((~~(4) and~~)), 82.24.500, and section 24 of this act, a peace officer or enforcement officer of the ((~~liquor control~~)) board who has reasonable grounds to believe a person observed by the officer purchasing, attempting to purchase, or in possession of tobacco products or vapor products is under the age of eighteen years of age, may detain such person for a reasonable period of time and in such a reasonable manner as is necessary to determine the person's true identity and date of birth. Further, tobacco products or vapor products possessed by persons under the age of eighteen years of age are considered contraband and may be seized by a peace officer or enforcement officer of the ((~~liquor control~~)) board.

(4) The ((~~liquor control~~)) board may work with local county health departments or districts and local law enforcement agencies to conduct random, unannounced((~~,~~)) inspections to assure compliance.

**Sec.**  RCW 70.155.120 and 1993 c 507 s 13 are each amended to read as follows:

(1) The youth tobacco and vapor products prevention account is created in the state treasury. All fees collected pursuant to RCW 82.24.520 and 82.24.530 and funds collected by the ((~~liquor control~~)) board from the imposition of monetary penalties ((~~and samplers' fees shall~~)) under chapters 82.24 and 82.26 RCW must be deposited into this account, except that ten percent of all such fees and penalties ((~~shall~~)) must be deposited in the state general fund.

(2) Moneys appropriated from the youth tobacco and vapor products prevention account to the department ((~~of health shall~~)) must be used by the department ((~~of health~~)) for implementation of this chapter, including collection and reporting of data regarding enforcement and the extent to which access to tobacco products and vapor products by youth has been reduced.

(3) The department ((~~of health shall~~)) must enter into interagency agreements with the ((~~liquor control~~)) board to pay the costs incurred, up to thirty percent of available funds, in carrying out its enforcement responsibilities under this chapter. Such agreements ((~~shall~~)) must set forth standards of enforcement, consistent with the funding available, so as to reduce the extent to which tobacco products and vapor products are available to individuals under the age of eighteen. The agreements ((~~shall~~)) must also set forth requirements for data reporting by the ((~~liquor control~~)) board regarding its enforcement activities.

(4) The department ((~~of health~~)), the board, and the department of revenue ((~~shall~~)) must enter into an interagency agreement for payment of the cost of administering the tobacco and vapor product retailer licensing system and for the provision of quarterly documentation of tobacco and vapor product wholesaler, retailer, and vending machine names and locations.

(5) The department ((~~of health shall~~)) must, within up to seventy percent of available funds, provide grants to local health departments or other local community agencies to develop and implement coordinated tobacco and vapor product intervention strategies to prevent and reduce ((~~tobacco~~)) use by youth.

**Sec.**  RCW 70.155.130 and 1993 c 507 s 14 are each amended to read as follows:

(1) This chapter preempts political subdivisions from adopting or enforcing requirements for the licensure and regulation of tobacco product promotions and sales within retail stores, except that political subdivisions that have adopted ordinances prohibiting sampling by January 1, 1993, may continue to enforce these ordinances. No political subdivision may:

((~~(1)~~)) (a) Impose fees or license requirements on retail businesses for possessing or selling cigarettes or tobacco products, other than general business taxes or license fees not primarily levied on tobacco products; or

((~~(2)~~)) (b) Regulate or prohibit activities covered by RCW 70.155.020 through 70.155.080. This chapter does not otherwise preempt political subdivisions from adopting ordinances regulating the sale, purchase, use, or promotion of tobacco products not inconsistent with chapter 507, Laws of 1993.

(2) This chapter preempts a political subdivision from imposing additional regulations or restrictions on the sale, purchase, use, or promotion of vapor products.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

The board, in consultation with the department, may adopt rules to implement and enforce the requirements of this chapter.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) The licenses issuable by the board under this chapter are as follows:

(a) A vapor products distributor's license; and

(b) A vapor products retailer's license.

(2) Application for the licenses must be made through the business licensing system under chapter 19.02 RCW. The board may adopt rules regarding the regulation of the licenses. The board may refuse to issue any license under this chapter if the board has reasonable cause to believe that the applicant has willfully withheld information requested for the purpose of determining the eligibility of the applicant to receive a license, or if the board has reasonable cause to believe that information submitted in the application is false or misleading or is not made in good faith. In addition, for the purpose of reviewing an application for a distributor's license or retailer's license and for considering the denial, suspension, or revocation of any such license, the board may consider criminal conduct of the applicant, including an administrative violation history record with the board and a criminal history record information check within the previous five years, in any state, tribal, or federal jurisdiction in the United States, its territories, or possessions, and the provisions of RCW 9.95.240 and chapter 9.96A RCW do not apply to such cases. The board may, in its discretion, issue or refuse to issue the distributor's license or retailer's license, subject to the provisions of section 28 of this act.

(3) No person may qualify for a distributor's license or a retailer's license under this section without first undergoing a criminal background check. The background check must be performed by the board and must disclose any criminal conduct within the previous five years in any state, tribal, or federal jurisdiction in the United States, its territories, or possessions. If the applicant or licensee also has a license issued under chapter 66.24, 82.24, or 82.26 RCW, the background check done under the authority of chapter 66.24, 82.24, or 82.26 RCW satisfies the requirements of this subsection.

(4) Each license issued under this chapter expires on the business license expiration date. The license must be continued annually if the licensee has paid the required fee and complied with all the provisions of this chapter and the rules of the board adopted pursuant to this chapter.

(5) Each license and any other evidence of the license required under this chapter must be exhibited in each place of business for which it is issued and in the manner required for the display of a business license.

(6) License issuances and renewals are subject to board authority and the rules adopted under the board including, but not limited to, rights of cities, towns, county legislative authorities, the public, churches, schools, and public institutions that object to or prevent issuance of licenses.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

A fee of six hundred fifty dollars must accompany each vapor products distributor's license application or license renewal application under section 24 of this act. If a distributor sells or intends to sell vapor products at two or more places of business, whether established or temporary, a separate license with a license fee of one hundred fifteen dollars is required for each additional place of business.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

A fee of ninety-three dollars must accompany each vapor products retailer's license application or license renewal application under section 24 of this act. A separate license is required for each separate location at which the retailer operates.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) Every vapor products retailer licensed under section 24 of this act must procure itemized invoices of all vapor products purchased. The invoices must show the seller's name and address, the date of purchase, and all prices and discounts.

(2) The retailer must keep at each retail outlet copies of complete, accurate, and legible invoices for that retail outlet or place of business. All invoices required to be kept under this section must be preserved for five years from the date of purchase.

(3) At any time during usual business hours the department, board, or its duly authorized agents or employees may enter any retail outlet without a search warrant, and inspect the premises for invoices required to be kept under this section and the vapor products contained in the retail outlet, to determine whether or not all the provisions of this chapter are being fully complied with. If the department, board, or any of its agents or employees are denied free access or are hindered or interfered with in making the inspection, the registration certificate issued under RCW 82.32.030 of the retailer at the premises is subject to revocation by the department, and any licenses issued under this chapter or chapter 82.26 or 82.24 RCW are subject to suspension or revocation by the board.

NEW SECTION. **Sec.**  A new section is added to chapter 70.155 RCW to read as follows:

(1) The board must enforce this chapter. The board may adopt, amend, and repeal rules necessary to enforce this chapter.

(2) The department may adopt, amend, and repeal rules necessary to administer this chapter. The board may revoke or suspend the distributor's or retailer's license of any distributor or retailer of vapor products in the state upon sufficient cause showing a violation of this chapter or upon the failure of the licensee to comply with any of the rules adopted under it.

(3) A license may not be suspended or revoked except upon notice to the licensee and after a hearing as prescribed by the board. The board, upon finding that the licensee has failed to comply with any provision of this chapter or of any rule adopted under it, must, in the case of the first offense, suspend the license or licenses of the licensee for a period of not less than thirty consecutive business days, and in the case of a second or further offense, suspend the license or licenses for a period of not less than ninety consecutive business days but not more than twelve months, and in the event the board finds the licensee has been guilty of willful and persistent violations, it may revoke the license or licenses.

(4) Any licenses issued under chapter 82.24 or 82.26 RCW to a person whose license or licenses have been suspended or revoked under this section must also be suspended or revoked during the period of suspension or revocation under this section.

(5) Any person whose license or licenses have been revoked under this section may reapply to the board at the expiration of one year of the license or licenses. The license or licenses may be approved by the board if it appears to the satisfaction of the board that the licensee will comply with the provisions of this chapter and the rules adopted under it.

(6) A person whose license has been suspended or revoked may not sell vapor products, tobacco products, or cigarettes or permit vapor products, tobacco products, or cigarettes to be sold during the period of suspension or revocation on the premises occupied by the person or upon other premises controlled by the person or others or in any other manner or form.

(7) Any determination and order by the board, and any order of suspension or revocation by the board of the license or licenses issued under this chapter, or refusal to reinstate a license or licenses after revocation is reviewable by an appeal to the superior court of Thurston county. The superior court must review the order or ruling of the board and may hear the matter de novo, having due regard to the provisions of this chapter and the duties imposed upon the board.

(8) If the board makes an initial decision to deny a license or renewal, or suspend or revoke a license, the applicant may request a hearing subject to the applicable provisions under Title 34 RCW.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

**Sec.**  RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the Washington advanced college tuition payment program account, the accessible communities account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the dedicated tobacco and vapor products enforcement account, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(d) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the custody of the state treasurer that deposits funds into a fund or account in the custody of the state treasurer pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. **Sec.**  This act takes effect October 1, 2015.

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