**1645-S2 AMH CODY H4425.1 - NOT FOR FLOOR USE**

**2SHB 1645** - H AMD **685**

By Representative Cody

**ADOPTED 02/12/2016**

Strike everything after the enacting clause and insert the following:

"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 at the state level 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 product 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.

(5) 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.

(6) In order to ensure that youth access to vapor products is subject to comprehensive regulatory controls, it is imperative that the statutory framework for the regulation of vapor products includes a prohibition on the shipment or transportation of vapor products purchased at retail through the internet. Simply requiring motor carrier delivery companies to verify the age of the customer at the time of delivery is not an option, insofar as the United States supreme court has ruled that such state-imposed age verification procedures are preempted by federal laws regulating the services that may be provided by motor carriers. Furthermore, allowing consumers to make vapor products purchases via the internet would make it all but impossible to ensure that vapor products purchased by state residents meet state legal standards regarding child-resistant packaging and public health disclosure requirements. Accordingly, a complete ban on internet sales is the least restrictive, and most practical, means of preventing minors from making illegal purchases and ensuring that vapor products meet state packaging and product disclosure standards.

(7) 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.

(8) 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, in school-owned and other approved vehicles used to transport students to and from school or school activities, and at school-sponsored or school-approved activities.

(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~~)) and cannabis 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) Any person who sells vapor products to persons other than ultimate consumers; or (b) any person who meets the definition of distributor under 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~~)) 82.24.510, 82.26.150, or section 23 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 23 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) ((~~A violation of this section is a misdemeanor.~~)) No person may offer a tasting of vapor products to the general public unless:

(a) The person is a licensed retailer under section 23 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.

**Sec.**  RCW 70.155.140 and 2009 c 278 s 2 are each amended to read as follows:

(1) A person may not:

(a) Ship or transport, or cause to be shipped or transported, any tobacco product or vapor product ordered or purchased by mail or through the internet to anyone in this state other than a licensed wholesaler, distributor, or retailer; or

(b) With knowledge or reason to know of the violation, provide substantial assistance to a person who is in violation of this section.

(2) This section does not prohibit shipping, selling, or transporting, or causing to be sold, shipped, or transported, concentrated nicotine ordered or purchased by mail or through the internet to a person who:

(a) Is engaged in business in this state;

(b) Has a documented commercial or industrial need for concentrated nicotine that is not related to the sale, distribution, or manufacture of vapor products; and

(c) Receives a waiver from the board.

(3)(a) A person who knowingly violates subsection (1) of this section is guilty of a class C felony, except that the maximum fine that may be imposed is five thousand dollars.

(b) In addition to or in lieu of any other civil or criminal remedy provided by law, a person who has violated subsection (1) of this section is subject to a civil penalty of up to five thousand dollars for each violation. The attorney general, acting in the name of the state, may seek recovery of the penalty in a civil action in superior court. For purposes of this subsection, each shipment or transport of tobacco products or vapor products constitutes a separate violation.

((~~(3)~~)) (4) The attorney general may seek an injunction in superior court to restrain a threatened or actual violation of subsection (1) of this section and to compel compliance with subsection (1) of this section.

((~~(4)~~)) (5) Any violation of subsection (1) of this section is not reasonable in relation to the development and preservation of business and is an unfair and deceptive act or practice and an unfair method of competition in the conduct of trade or commerce in violation of RCW 19.86.020. Standing to bring an action to enforce RCW 19.86.020 for violation of subsection (1) of this section lies solely with the attorney general. Remedies provided by chapter 19.86 RCW are cumulative and not exclusive.

((~~(5)~~)) (6)(a) In any action brought under this section, the state is entitled to recover, in addition to other relief, the costs of investigation, expert witness fees, costs of the action, and reasonable attorneys' fees.

(b) If a court determines that a person has violated subsection (1) of this section, the court ((~~shall~~)) must order any profits, gain, gross receipts, or other benefit from the violation to be disgorged and paid to the state treasurer for deposit in the general fund.

((~~(6)~~)) (7) Unless otherwise expressly provided, the penalties or remedies, or both, under this section are in addition to any other penalties and remedies available under any other law of this state.

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

(1) The packaging for a vapor product must have a label disclosing the amount of nicotine in milligrams per milliliter of liquid along with the total volume of the liquid contents of the product in milliliters. The manufacturer and the distributor of a vapor product are each responsible for such labeling and may not market, distribute, or offer for sale a vapor product that does not meet this labeling requirement. The board must specify by rule the uniform testing methodology that must be used by manufacturers and distributors in determining the nicotine content of a vapor product for the purposes of this required disclosure. If the federal government adopts or requires a different testing methodology or standard, the federal methodology or standard preempts board rules adopted under this subsection (1). The board and the department may utilize revenues derived from licensing fees to conduct vapor product testing in order to verify the accuracy of a nicotine content disclosure. The board must adopt rules regarding the penalties to be imposed upon a manufacturer or distributor for a violation of this subsection (1).

(2) In addition to the labeling required under subsection (1) of this section, and 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.

(3) 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.

(4) 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.

(5) 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, 2016.

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, 82.26.160, 82.26.170, or section 23 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), 82.26.150(1)(b), or section 23(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 6 and 12 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), 82.26.150(1)(b), or section 23(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 12, 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, tobacco product, 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 12 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 12, 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, 82.26.190, or section 23 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, 82.26.190, section 23 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.

**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, 82.26.190, and section 23 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, 82.26.190, and section 23 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, 82.26.160, 82.26.170, section 23 of this act, and section 24 of this act and funds collected by the ((~~liquor control~~)) board from the imposition of monetary penalties ((~~and samplers' fees shall~~)) under this chapter 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 cigarette, tobacco product, and vapor product enforcement responsibilities under this chapter and chapters 82.24 and 82.26 RCW. 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 ((~~retailer~~)) and vapor product 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.

(6) Three percent of available funds must be provided to public institutions of higher education with postgraduate schools of public health and accredited by the council on education for public health, for the purpose of supporting research and graduate fellowships pertaining to prevention, education, and health effects related to the use of nicotine and vapor products by youth and adults.

(7) Funds from the account created under this section may be used by the board and department to conduct vapor product content testing authorized under section 11 of this act.

**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 does not preempt political subdivisions from adopting ordinances regulating the sale, purchase, use, or promotion of vapor products, provided such ordinances are consistent with the provisions of this chapter and the administrative rules adopted by the board, and do not have the effect of prohibiting the sale, purchase, promotion, or reasonable use of vapor products. Any such ordinances must not create regulatory provisions that are more restrictive than those imposed on the commercial sale or personal use of tobacco 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 product distributor's license; and

(b) A vapor product 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 30 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:

(1)(a) No person may engage in or conduct business as a distributor or retailer in this state without a valid license issued under this chapter, except as otherwise provided by law. Any person who sells vapor products to persons other than ultimate consumers or who meets the definition of "distributor" under this chapter must obtain a distributor's license under this chapter. Any person who sells vapor products to ultimate consumers must obtain a retailer's license under this chapter.

(b) A violation of this subsection (1) is punishable as a class C felony according to chapter 9A.20 RCW.

(2) No person engaged in or conducting business as a distributor or retailer in this state may refuse to allow the enforcement officers of the board, on demand, to make full inspection of any place of business or vehicle where any of the vapor products regulated under this chapter are sold, stored, transported, or handled, or otherwise hinder or prevent such inspection. A person who violates this subsection (2) is guilty of a gross misdemeanor.

(3) Any person licensed under this chapter as a distributor, and any person licensed under this chapter as a retailer, may not operate in any other capacity unless the additional appropriate license is first secured, except as otherwise provided by law. A violation of this subsection (3) is a misdemeanor.

(4) The penalties provided in this section are in addition to any other penalties provided by law for violating the provisions of this chapter or the rules adopted under this chapter.

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 product distributor's license application or license renewal application under section 23 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 two hundred fifty dollars must accompany each vapor product retailer's license application or license renewal application under section 23 of this act. A separate license is required for each separate location at which the retailer operates.

**Sec.**  RCW 82.24.530 and 2012 2nd sp.s. c 4 s 12 are each amended to read as follows:

A fee of ((~~ninety-three~~)) two hundred fifty dollars must accompany each retailer's license application or license renewal application. A separate license is required for each separate location at which the retailer operates. A fee of thirty additional dollars for each vending machine must accompany each application or renewal for a license issued to a retail dealer operating a cigarette vending machine. An additional fee of ninety-three dollars ((~~shall~~)) must accompany each application or renewal for a license issued to a retail dealer operating a cigarette-making machine.

**Sec.**  RCW 82.26.170 and 2005 c 180 s 13 are each amended to read as follows:

(1) A fee of ((~~ninety-three dollars shall~~)) two hundred fifty dollars must accompany each retailer's license application or license renewal application. A separate license is required for each separate location at which the retailer operates.

(2) The fee imposed under subsection (1) of this section does not apply to any person applying for a retailer's license or for renewal of a retailer's license if the person has a valid retailer's license under RCW 82.24.510 for the place of business associated with the retailer's license application or renewal application.

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

(1) Every vapor product retailer licensed under section 23 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.

NEW SECTION. **Sec.**  This act takes effect October 1, 2016."

Correct the title.

EFFECT: The striking amendment makes the following changes to the second substitute bill:

(1) Requires school districts to implement policies prohibiting the use of vapor products on school buses and other school-approved vehicles used to transport students;

(2) Clarifies the definition of vapor product "distributor";

(3) Requires that local ordinances regulating vapor products be consistent with state regulations and cannot have the effect of prohibiting the sale, purchase, promotion, or reasonable use of such products. Such ordinances cannot be more restrictive than those imposed on tobacco products;

(4) Adds cross-references to tobacco product licensing statutes so as to make tobacco products subject to the same regulatory provisions as cigarettes and vapor products;

(5) Raises the tobacco product retailer licensing fee from ninety-three dollars to two hundred fifty dollars, so as to be consistent with the licensing fee increase imposed on cigarette retailers;

(6) Requires product labeling that discloses the nicotine content of liquids contained in vapor products and establishes guidelines for nicotine testing standards;

(7) Authorizes fees to be used to test vapor products for the purpose of verifying the accuracy of nicotine content labeling; and

(8) Allocates three percent of available funds from the youth tobacco and vapor products prevention account to specified public health schools for specified research projects.