Liquor and Cannabis Board Revised Interim Policy BIP-03-2016

Subject:

ESSB 6328 Vapor Products Implementation

Effective Date:

September 21, 2016

Ending Date:

Upon adoption of rules to implement this policy.

Approved:

Jane Rushford, Chair

Ruthann Kurose, Board Member

Ollie Garrett, Board Member

Purpose:

This Interim Policy is to make adjustments to a previous Interim Policy adopted by the Board to address needed details and requirements to implement new vapor products licenses and provisions related to mail and internet sales of vapor products. The 2016 Legislature passed ESSB 6328 (Laws of 2016 ch. 38, codified mostly in Chapter 70.345 RCW) that established a new licensing and regulatory framework for vapor products. Vapor products were previously unregulated.

The WSLCB is currently engaged in permanent rulemaking to establish rules as provided under the authority conveyed within ESSB 6328. Though many of the provisions of ESSB 6328 became effective on June 28, 2016, other provisions of the bill in sections 5 through 10 and 28 do not become effective until 30 days after the license application is made available by the WSLCB. The WSLCB made the license applications as required by the bill available on July 1, 2016, making the remaining provisions of the bill effective on August 1, 2016. This Interim Policy is to ensure the WSLCB can implement the necessary components of the bill for licensing provisions and provide additional guidance and requirements for mail and internet delivery sales until permanent rules become effective.

ESSB 6328 defined vapor products as "any noncombustible product that may contain nicotine and that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor or aerosol from a solution or other substance." The term also includes "any electronic cigarette, electronic, cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container that may contain nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic, cigar, electronic cigarillo, electronic pipe, or similar product or

device." Vapor products do not include any products that meet the definition of marijuana or marijuana products, cigarette, or tobacco products.

This Interim Policy is adjusted to remove certain requirements related to mail and internet delivery sales, which are not needed as they are covered by federal law.

A copy of ESSB 6328 (Laws of 2016 ch. 38) accompanies this Interim Policy.

Policy Statement

In addition to the provisions of ESSB 6328 (Laws of 2016 ch. 38), the following provisions apply to applicants for vapor products licenses, vapor products license holders, and those vapor products licensees who engage in mail and internet delivery sales of vapor products.

Licensing and Records-keeping

- (1) A vapor product retailer's license, vapor products distributor's license, or a vapor products delivery sale license is required to perform the functions of a vapor products retailer, vapor products distributor, or a vapor products delivery seller whether or not the vapor products the licensee deals in contain nicotine.
- (2) A vapor product retailer license, vapor products distributor license, or a vapor products delivery sale license cannot be issued to a location that is a domicile.
- (3) No more than one license of each vapor products license type may be issued at a single location.
- (4) For the purpose of reviewing an application for a license and considering the denial of a license application, the WSLCB may consider prior criminal conduct of the applicant and criminal history record within the 5 years prior to the date the application is received by the WSLCB. The WSLCB uses the following point system to determine a person's qualification for a license. The WSLCB will not normally issue a vapor products license to a person or entity that has accumulated eight (8) or more points as determined by the below subsections. If a case is pending for an alleged offense that would earn eight (8) or more points in total for the applicant, the WSLCB will hold the application until the final disposition of the pending case. If the case does not reach final disposition within ninety (90) days of application, the WSLCB may administratively close the application.
 - (a) Felony conviction within the 5 years prior to application: 12 points.
- (b) Gross misdemeanor conviction for violation of chapters 82.24 and 82.26 RCW within the 5 years prior to application: 12 points.

- (c) Other gross misdemeanor conviction within 3 years prior to application: 5 points.
 - (d) Misdemeanor conviction within 3 years prior to application: 4 points.
- (e) Nondisclosure of any of the above: 4 points each in addition to underlying points.
- (5) For the purpose of reviewing an application for a license and considering the denial of a vapor products license application, the WSLCB will conduct an investigation of all applicants' liquor and cigarette and tobacco products law and rule administrative violation history. The WSLCB will not normally issue a vapor products license to a person or entity that has four (4) or more violations within the two (2) years prior to the date the application is received by the WSLCB.

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 6328

64th Legislature 2016 1st Special Session

Passed by the Senate March 28, 2016 Yeas 37 Nays 6	CERTIFICATE
President of the Senate	I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is ENGROSSED SUBSTITUTE SENATE BILL 6328 as
Passed by the House March 29, 2016 Yeas 74 Nays 20	passed by Senate and the House of Representatives on the dates hereon set forth.
Speaker of the House of Representatives	Secretary
Approved	FILED
Governor of the State of Washington	Secretary of State State of Washington

ENGROSSED SUBSTITUTE SENATE BILL 6328

Passed Legislature - 2016 1st Special Session

State of Washington 64th Legislature 2016 Regular Session

By Senate Health Care (originally sponsored by Senators Dammeier, Hasegawa, Conway, O'Ban, Becker, and Carlyle)

READ FIRST TIME 02/05/16.

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- AN ACT Relating to youth vapor product substance use prevention, and vapor product regulation, without permitting a tax on the sale or production of vapor products; amending RCW 26.28.080, 70.155.120, 82.24.530, 70.155.100, 82.26.170, and 66.08.145; adding a new section to chapter 70.155 RCW; adding a new chapter to Title 70 RCW; prescribing penalties; providing a contingent effective date; and providing a contingent expiration date.
- 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 9 **Sec. 1.** RCW 26.28.080 and 2013 c 47 s 1 are each amended to read 10 as follows:
- (1) Every person who sells or gives, or permits to be sold or given, to any 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

p. 1 ESSB 6328.PL

- 1 contained in cartridges. Vapor product does not include any product
- 2 that is regulated by the United States food and drug administration
- 3 under chapter V of the federal food, drug, and cosmetic)) has the
- 4 same meaning as provided in section 4 of this act.

- **Sec. 2.** RCW 70.155.120 and 1993 c 507 s 13 are each amended to 6 read as follows:
 - (1) The youth tobacco <u>and vapor products</u> prevention account is created in the state treasury. All fees collected pursuant to RCW 82.24.520 ((and)), 82.24.530, 82.26.160, and 82.26.170 and funds collected by the liquor ((control)) <u>and cannabis</u> board from the imposition of monetary penalties ((and samplers' fees)) shall be deposited into this account, except that ten percent of all such fees and penalties shall be deposited in the state general fund.
 - (2) Moneys appropriated from the youth tobacco <u>and vapor products</u> prevention account to the department of health shall 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 <u>and vapor products</u> by youth has been reduced.
 - (3) The department of health shall enter into interagency agreements with the liquor ((control)) and cannabis 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 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 also set forth requirements for data reporting by the liquor ((control)) and cannabis board regarding its enforcement activities.
 - (4) The department of health, the liquor and cannabis board, and the department of revenue shall enter into an interagency agreement for payment of the cost of administering the tobacco retailer licensing system and for the provision of quarterly documentation of tobacco wholesaler, retailer, and vending machine names and locations.
- 36 (5) The department of health shall, within up to seventy percent 37 of available funds, provide grants to local health departments or 38 other local community agencies to develop and implement coordinated

- 1 tobacco <u>and vapor product</u> intervention strategies to prevent and
- 2 reduce tobacco and vapor product use by youth.

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- Sec. 3. PREEMPTION. (1) This chapter preempts NEW SECTION. 3 political subdivisions from adopting or enforcing requirements for 4 5 the licensure and regulation of vapor product promotions and sales at No political subdivision may impose fees 6 or requirements on retail outlets for possessing or selling vapor 7 products, other than general business taxes or license fees not 8 9 primarily levied on such products.
- 10 (2) No political subdivision may regulate the use of vapor 11 products in outdoor public places, unless the public place is an area 12 where children congregate, such as schools, playgrounds, and parks.
- 13 (3) Subject to section 21 of this act, political subdivisions may 14 regulate the use of vapor products in indoor public places.
- NEW SECTION. Sec. 4. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- 18 (1) "Board" means the Washington state liquor and cannabis board.
- 19 (2) "Business" means any trade, occupation, activity, or 20 enterprise engaged in for the purpose of selling or distributing 21 vapor products in this state.
- 22 (3) "Child care facility" has the same meaning as provided in RCW 23 70.140.020.
 - (4) "Closed system nicotine container" means a sealed, prefilled, and disposable container of nicotine in a solution or other form in which such container is inserted directly into an electronic cigarette, electronic nicotine delivery system, or other similar product, if the nicotine in the container is inaccessible through customary or reasonably foreseeable handling or use, including reasonably foreseeable ingestion or other contact by children.
 - (5) "Delivery sale" means any sale of a vapor product to a purchaser in this state where either:
 - (a) The purchaser submits the order for such sale by means of a telephonic or other method of voice transmission, the mails or any other delivery service, or the internet or other online service; or
- 36 (b) The vapor product is delivered by use of the mails or of a 37 delivery service. The foregoing sales of vapor products constitute a 38 delivery sale regardless of whether the seller is located within or

- without this state. "Delivery sale" does not include a sale of any vapor product not for personal consumption to a retailer.
 - (6) "Delivery seller" means a person who makes delivery sales.
 - (7) "Distributor" means any person who:

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- 5 (a) Sells vapor products to persons other than ultimate 6 consumers; or
 - (b) Is engaged in the business of selling vapor products in this state and who brings, or causes to be brought, into this state from outside of the state any vapor products for sale.
 - (8) "Liquid nicotine container" means a package from which nicotine in a solution or other form is accessible through normal and foreseeable use by a consumer and that is used to hold soluble nicotine in any concentration. "Liquid nicotine container" does not include closed system nicotine containers.
- 15 (9) "Manufacturer" means a person who manufactures and sells 16 vapor products.
- 17 (10) "Minor" refers to an individual who is less than eighteen 18 years old.
 - (11) "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, municipal corporation, the state and its departments and institutions, political subdivision of the state of Washington, corporation, limited liability company, association, society, any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise.
 - (12) "Place of business" means any place where vapor products are sold or where vapor products are manufactured, stored, or kept for the purpose of sale.
 - (13) "Playground" means any public improved area designed, equipped, and set aside for play of six or more children which is not intended for use as an athletic playing field or athletic court, including but not limited to any play equipment, surfacing, fencing, signs, internal pathways, internal land forms, vegetation, and related structures.
- 36 (14) "Retail outlet" means each place of business from which 37 vapor products are sold to consumers.
- 38 (15) "Retailer" means any person engaged in the business of 39 selling vapor products to ultimate consumers.

1 (16)(a) "Sale" means any transfer, exchange, or barter, in any 2 manner or by any means whatsoever, for a consideration, and includes 3 and means all sales made by any person.

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- (b) The term "sale" includes a gift by a person engaged in the business of selling vapor products, for advertising, promoting, or as a means of evading the provisions of this chapter.
 - (17) "School" has the same meaning as provided in RCW 70.140.020.
- (18) "Self-service display" means a display that contains vapor products and is located in an area that is openly accessible to customers and from which customers can readily access such products without the assistance of a salesperson. A display case that holds vapor products behind locked doors does not constitute a self-service display.
- (19) "Vapor product" means any noncombustible product that may contain nicotine and that employs a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape or size, that can be used to produce vapor or aerosol from a solution or other substance.
- (a) "Vapor product" includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container that may contain nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.
- (b) "Vapor product" does not include any product that meets the definition of marijuana, useable marijuana, marijuana concentrates, marijuana-infused products, cigarette, or tobacco products.
- (c) For purposes of this subsection (19), "marijuana," "useable marijuana," "marijuana concentrates," and "marijuana-infused products" have the same meaning as provided in RCW 69.50.101.
- NEW SECTION. Sec. 5. VAPOR PRODUCTS LICENSES. (1) The licenses issuable by the board under this chapter are as follows:
 - (a) A vapor product retailer's license;
- 34 (b) A vapor product distributor's license; and
- 35 (c) A vapor product delivery sale license.
- 36 (2) Application for the licenses must be made through the 37 business licensing system under chapter 19.02 RCW. The board may 38 adopt rules regarding the regulation of the licenses. The board may 39 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, retailer's license, or delivery seller's license, and for considering the denial, suspension, or revocation of any such license, the board may consider criminal conduct of the applicant, including 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 retailer's license, distributor's license, and delivery sale license subject to the provisions of RCW 70.155.100.
 - (3) The application processes for the retailer license and the distributor license, and any forms used for such processes, must allow the applicant to simultaneously apply for a delivery sale license without requiring the applicant to undergo a separate licensing application process in order to be licensed to conduct delivery sales. However, a delivery sale license obtained in conjunction with a retailer or distributor license under this subsection remains a separate license subject to the delivery sale licensing fee established under this chapter.

- (4) No person may qualify for a retailer's license, distributor's license, or delivery sale 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, 69.50, 82.24, or 82.26 RCW, the background check done under the authority of chapter 66.24, 69.50, 82.24, or 82.26 RCW satisfies the requirements of this subsection.
- (5) 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.

- (6) 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.
- NEW SECTION. Sec. 6. LICENSING REQUIRED. (1)(a) No person may engage in or conduct business as a retailer, distributor, or delivery seller in this state without a valid license issued under this chapter, except as otherwise provided by law. Any person who sells vapor products to ultimate consumers by a means other than delivery sales must obtain a retailer's license under this chapter. 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 conducts delivery sales of vapor products must obtain a delivery sale license.
 - (b) A violation of this subsection is punishable as a class C felony according to chapter 9A.20 RCW.
 - (2) No person engaged in or conducting business as a retailer, distributor, or delivery seller 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 is guilty of a gross misdemeanor.
 - (3) Any person licensed under this chapter as a distributor, any person licensed under this chapter as a retailer, and any person licensed under this chapter as a delivery seller 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 is a misdemeanor.
 - (4) No person engaged in or conducting business as a retailer, distributor, or delivery seller in this state may sell or give, or permit to sell or give, a product that contains any amount of any cannabinoid, synthetic cannabinoid, cathinone, or methcathinone, unless otherwise provided by law. A violation of this subsection (4) is punishable according to RCW 69.50.401.

- 1 (5) The penalties provided in this section are in addition to any 2 other penalties provided by law for violating the provisions of this 3 chapter or the rules adopted under this chapter.
- NEW SECTION. Sec. 7. DISTRIBUTOR LICENSING FEE. A fee of one hundred fifty dollars must accompany each vapor product distributor's license application or license renewal application under section 5 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 dollars is required for each additional place of business.
- NEW SECTION. Sec. 8. RETAILER LICENSING FEE. (1) A fee of one hundred seventy-five dollars must accompany each vapor product retailer's license application or license renewal application under section 5 of this act. A separate license is required for each separate location at which the retailer operates.
- 16 (2) A retailer applying for, or renewing, both a vapor products 17 retailer's license under section 5 of this act and retailer's license 18 under RCW 82.24.510 may pay a combined application fee of two hundred 19 fifty dollars for both licenses.
- 20 **Sec. 9.** RCW 82.24.530 and 2012 2nd sp.s. c 4 s 12 are each 21 amended to read as follows:
- 22 (1) A fee of ((ninety-three)) one hundred seventy-five dollars 23 must accompany each retailer's license application or license renewal 24 application. A separate license is required for each separate 25 location at which the retailer operates. A fee of thirty additional 26 dollars for each vending machine must accompany each application or renewal for a license issued to a retail dealer operating a cigarette 27 28 vending machine. An additional fee of ninety-three dollars ((shall)) 29 must accompany each application or renewal for a license issued to a 30 retail dealer operating a cigarette-making machine.
- 31 (2) A retailer applying for, or renewing, both a retailer's
 32 license under RCW 82.24.510 and a vapor products retailer's license
 33 under section 5 of this act may pay a combined application fee of two
 34 hundred fifty dollars for both licenses.
- NEW SECTION. Sec. 10. DELIVERY SALE LICENSING FEE. A fee of two hundred fifty dollars must accompany each vapor product delivery sale

p. 8 ESSB 6328.PL

- 1 license application or license renewal application under section 5 of
- 2 this act.

- NEW SECTION. Sec. 11. ENFORCEMENT—LICENSE SUSPENSION,
 REVOCATION. (1) The board, or its enforcement officers, has the
 authority to enforce provisions of this chapter.
 - (2) The board may revoke or suspend a retailer's, distributor's, or delivery seller's license issued under this chapter upon sufficient cause showing a violation of this chapter.
- 9 (3) A license may not be suspended or revoked except upon notice 10 to the licensee and after a hearing as prescribed by the board.
 - (4) Any retailer's licenses issued under chapter 82.24 or 82.26 RCW to a person whose vapor product retailer's license or licenses have been suspended or revoked for violating RCW 26.28.080 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 two years of the license or licenses, unless the license was revoked pursuant to section 22(2)(e) of this act. 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.
 - (6) A person whose license has been suspended or revoked may not sell vapor products or permit vapor products 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.
- 35 (8) If the board makes an initial decision to deny a license or 36 renewal, or suspend or revoke a license, the applicant may request a 37 hearing subject to the applicable provisions under Title 34 RCW.

NEW SECTION. Sec. 12. SIGNAGE. (1) Except as provided in subsection (2) of this section, a person who holds a retailer's license issued under this chapter must display a sign concerning the prohibition of vapor product sales to minors. Such sign must:

- (a) Be posted so that it is clearly visible to anyone purchasing vapor products from the licensee;
- (b) Be designed and produced by the department of health to read: "The sale of vapor products to persons under age eighteen is strictly prohibited by state law. If you are under age eighteen, you could be penalized for purchasing a vapor product; photo id required;" and
 - (c) Be provided free of charge by the department of health.
- (2) For persons also licensed under RCW 82.24.510 or 82.26.150, the board may issue a sign to read: "The sale of tobacco or vapor products to persons under age eighteen is strictly prohibited by state law. If you are under age eighteen, you could be penalized for purchasing a tobacco or vapor product; photo id required," provided free of charge by the board.
- 18 (3) A person who holds a license issued under this chapter must 19 display the license or a copy in a prominent location at the outlet 20 for which the license is issued.
 - NEW SECTION. Sec. 13. LABELING REQUIREMENTS. (1) A manufacturer or distributor that sells, offers for sale, or distributes liquid nicotine containers shall label the vapor product with a: (a) Warning regarding the harmful effects of nicotine; (b) warning to keep the vapor product away from children; (c) warning that vaping is illegal for those under the legal age to use the product; and (d) except as provided in subsection (2) of this section, the amount of nicotine in milligrams per milliliter of liquid along with the total volume of the liquid contents of the product expressed in milliliters.
 - (2) For closed system nicotine containers as defined in section 4 of this act, a manufacturer that sells, offers for sale, or distributes vapor products in this state must annually provide the department of health with a disclosure of the nicotine content of such vapor product based on measurement standards to be established by the department of health.
- 36 (3)(a) This section expires on the effective date of the final 37 regulations issued by the United States food and drug administration 38 or by any other federal agency, when such regulations mandate warning 39 or advertisement requirements for vapor products.

- 1 (b) The board must provide notice of the expiration date of this 2 section to affected parties, the chief clerk of the house of 3 representatives, the secretary of the senate, the office of the code 4 reviser, and others as deemed appropriate by the board.
- 5 <u>NEW SECTION.</u> **Sec. 14.** PURCHASING, POSSESSING BY PERSONS UNDER 6 EIGHTEEN—CIVIL INFRACTION—JURISDICTION. (1) A person under the age 7 of eighteen who purchases or attempts to purchase, possesses, or 8 obtains or attempts to obtain vapor products commits a class 3 civil 9 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 10 11 restitution, or both. The court may also require participation in a 12 smoking cessation program. This provision does not apply if a person age of eighteen, with parental authorization, 13 under the participating in a controlled purchase as part of a board, law 14 15 enforcement, or local health department activity.
- 16 (2) Municipal and district courts within the state have 17 jurisdiction for enforcement of this section.
- NEW SECTION. Sec. 15. AGE IDENTIFICATION REQUIREMENT. (1) When 18 there may be a question of a person's right to purchase or obtain 19 20 vapor products by reason of age, the retailer or agent thereof, must 21 require the purchaser to present any one of the following officially 22 issued forms of identification that shows the purchaser's age and 23 bears his or her signature and photograph: (a) Liquor control authority card of identification of a state or province of Canada; 24 25 (b) driver's license, instruction permit, or identification card of a state or province of Canada; (c) "identicard" issued by the 26 Washington state department of licensing under chapter 46.20 RCW; (d) 27 United States military identification; (e) passport; (f) enrollment 28 29 card, issued by the governing authority of a federally recognized 30 Indian tribe located in Washington, that incorporates security features comparable to those implemented by the department of 31 licensing for Washington drivers' licenses. At least ninety days 32 prior to implementation of an enrollment card under this subsection, 33 the appropriate tribal authority must give notice to the board. The 34 35 board must publish and communicate to licensees regarding the implementation of each new enrollment card; or (g) merchant marine 36 37 identification card issued by the United States coast guard.

- 1 (2) It is a defense to a prosecution under RCW 26.28.080 that the 2 person making a sale reasonably relied on any of the officially 3 issued identification as defined in subsection (1) of this section. 4 The board must waive the suspension or revocation of a license if the 5 licensee clearly establishes that he or she acted in good faith to 6 prevent violations and a violation occurred despite the licensee's 7 exercise of due diligence.
- NEW SECTION. Sec. 16. VENDOR-ASSISTED SALES REQUIREMENT. (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.
- 12 (2) It is unlawful to sell or distribute vapor products from 13 self-service displays.
- 14 (3) Retail establishments are exempt from subsections (1) and (2) 15 of this section if minors are not allowed in the store and such 16 prohibition is posted clearly on all entrances.
- NEW SECTION. Sec. 17. MAIL AND INTERNET SALES. (1) No person may conduct a delivery sale or otherwise ship or transport, or cause to be shipped or transported, any vapor product ordered or purchased by mail or through the internet to any person unless such seller has a valid delivery sale license as required under this chapter.

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- (2) No person may conduct a delivery sale or otherwise ship or transport, or cause to be shipped or transported, any vapor product ordered or purchased by mail or through the internet to any person under the minimum age required for the legal sale of vapor products as provided under section 14 of this act.
- (3) A delivery sale licensee must provide notice on its mail order or internet sales forms of the minimum age required for the legal sale of vapor products in Washington state as provided by section 14 of this act.
- (4) A delivery sale licensee must not accept a purchase or order from any person without first obtaining the full name, birth date, and residential address of that person and verifying this information through an independently operated third-party database or aggregate of databases, which includes data from government sources, that are regularly used by government and businesses for the purpose of age and identity verification and authentication.

(5) A delivery sale licensee must accept payment only through a credit or debit card issued in the purchaser's own name. The licensee must verify that the card is issued to the same person identified through identity and age verification procedures in subsection (4) of this section.

- (6) Before a delivery sale licensee delivers an initial purchase to any person, the licensee must verify the identity and delivery address of the purchaser by mailing or shipping to the purchaser a notice of sale and certification form confirming that the addressee is in fact the person placing the order. The purchaser must return the signed certification form to the licensee before the initial shipment of product. Certification forms are not required for repeat customers. In the alternative, before a seller delivers an initial purchase to any person, the seller must first obtain from the prospective customer an electronic certification, such as by email, that includes a declaration that, at a minimum, the prospective customer is over the minimum age required for the legal sale of a vapor product, and the credit or debit card used for payment has been issued in the purchaser's name.
- (7) A delivery sale licensee must include on shipping documents a clear and conspicuous statement which includes, at a minimum, that the package contains vapor products, Washington law prohibits sales to those under the minimum age established by this chapter, and violations may result in sanctions to both the licensee and the purchaser.
- (8) A person who knowingly violates this section is guilty of a class C felony, except that the maximum fine that may be imposed is five thousand dollars.
- (9) In addition to or in lieu of any other civil or criminal remedy provided by law, a person who has violated 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.
- (10) The attorney general may seek an injunction in superior court to restrain a threatened or actual violation of this section and to compel compliance with this section.
- (11) Any violation 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 this section lies solely with the attorney general. Remedies provided by chapter 19.86 RCW are cumulative and not exclusive.
 - (12)(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.
- 8 (b) If a court determines that a person has violated this 9 section, the court shall order any profits, gain, gross receipts, or 10 other benefit from the violation to be disgorged and paid to the 11 state treasurer for deposit in the general fund.
- 12 (13) Unless otherwise expressly provided, the penalties or 13 remedies, or both, under this section are in addition to any other 14 penalties and remedies available under any other law of this state.
- 15 (14) A licensee who violates this section is subject to license 16 suspension or revocation by the board.
- 17 (15) The board may adopt by rule additional requirements for mail 18 or internet sales.
- 19 (16) The board must not adopt rules prohibiting internet sales.
- 20 <u>NEW SECTION.</u> **Sec. 18.** CHILD-RESISTANT PACKAGING REQUIREMENT.
- (1) Any liquid nicotine container that is sold at retail shall be packaged in accordance with the child-resistant effectiveness standards set forth in 16 C.F.R. Sec. 1700.15, as in effect on the effective date of this section, as determined through testing in accordance with the method described in 16 C.F.R. Sec. 1700.20, as in
- 26 effect on the effective date of this section.

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- 27 (2) Any person that engages in retail sales of liquid nicotine 28 containers in violation of this section is guilty of a gross 29 misdemeanor.
- NEW SECTION. Sec. 19. TASTINGS. (1) No person may offer a tasting of vapor products to the general public unless:
- 32 (a) The person is a licensed retailer under section 5 of this 33 act;
- 34 (b) The tastings are offered only within the licensed premises 35 operated by the licensee and the products tasted are not removed from 36 within the licensed premises by the customer;
- 37 (c) Entry into the licensed premises is restricted to persons 38 eighteen years of age or older;

- 1 (d) The vapor product being offered for tasting contains zero 2 milligrams per milliliter of nicotine or the customer explicitly 3 consents to a tasting of a vapor product that contains nicotine; and
- 4 (e) If the customer is tasting from a vapor device owned and 5 maintained by the retailer, a disposable mouthpiece tip is attached 6 to the vapor product being used by the customer for tasting or the 7 vapor device is disposed of after each tasting.
 - (2) A violation of this section is a misdemeanor.
- 9 <u>NEW SECTION.</u> **Sec. 20.** COUPONS. (1) No person may give or distribute vapor products to a person free of charge by coupon, unless the vapor product was provided to the person as a contingency of prior or the same purchase as part of an in-person transaction or delivery sale.
- 14 (2) This section does not prohibit the use of coupons to receive 15 a discount on a vapor product as part of an in-person transaction or 16 delivery sale.
- NEW SECTION. Sec. 21. USE OF VAPOR PRODUCTS IN CERTAIN PUBLIC PLACES. (1) Indoor areas.
- 19 (a) The use of vapor products is prohibited in the following 20 indoor areas:
- 21 (i) Inside a child care facility, provided that a child care 22 facility that is home-based is excluded from this paragraph when 23 children enrolled in such child care facility are not present;
 - (ii) Schools;
 - (iii) Within five hundred feet of schools;
- 26 (iv) Schools buses; and
- 27 (v) Elevators.

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- 28 (b) The use of vapor products is permitted for tasting and 29 sampling in indoor areas of retail outlets.
- 30 (2) Outdoor areas. The use of vapor products is prohibited in the 31 following outdoor areas:
- 32 (a) Real property that is under the control of a child care facility and upon which the child care facility is located, provided that a child care facility that is home-based is excluded from this paragraph when children enrolled in such child care facility are not present;
- 37 (b) Real property that is under the control of a school and upon 38 which the school is located; and

- 1 (c) Playgrounds, during the hours between sunrise and sunset, 2 when one or more persons under twelve years of age are present at 3 such playground.
- NEW SECTION. Sec. 22. PENALTIES, SANCTIONS, AND ACTIONS AGAINST LICENSEES. (1) The board may impose a monetary penalty as set forth in subsection (2) of this section, if the board finds that the licensee has violated RCW 26.28.080 or any other provision of this chapter.
- 9 (2) Subject to subsection (3) of this section, the sanctions that 10 the board may impose against a person licensed under this chapter 11 based upon one or more findings under subsection (1) of this section 12 may not exceed the following:
- 13 (a) A monetary penalty of two hundred dollars for the first 14 violation within any three-year period;
- 15 (b) A monetary penalty of six hundred dollars for the second 16 violation within any three-year period;

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- (c) A monetary penalty of two thousand dollars for the third violation within any three-year period and suspension of the license for a period of six months for the third violation of RCW 26.28.080 within any three-year period;
- (d) A monetary penalty of three thousand dollars for the fourth or subsequent violation within any three-year period and suspension of the license for a period of twelve months for the fourth violation of RCW 26.28.080 within any three-year period;
- (e) Revocation of the license with no possibility of reinstatement for a period of five years for the fifth or more violation within any three-year period.
- (3) If the board finds that a person licensed under this chapter and chapter 82.24 or 82.26 RCW has violated RCW 26.28.080, each subsequent violation of either of the person's licenses counts as an additional violation within that three-year period.
- 32 (4) Any retailer's licenses issued under chapter 82.24 or 82.26 33 RCW to a person whose vapor product retailer's license or licenses 34 have been suspended or revoked for violating RCW 26.28.080 must also 35 be suspended or revoked during the period of suspension or revocation 36 under this section.
- 37 (5) The board may impose a monetary penalty upon any person other 38 than a licensed retailer if the board finds that the person has 39 violated RCW 26.28.080.

1 (6) The monetary penalty that the board may impose based upon one or more findings under subsection (5) of this section may not exceed fifty dollars for the first violation and one hundred dollars for 3 4 each subsequent violation.

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- (7) The 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.
- (8) The board may issue a cease and desist order to any person who is found by the board to have violated or intending to violate the provisions of this chapter or RCW 26.28.080, requiring such person to cease specified conduct that is in violation. The issuance of a cease and desist order does not preclude the imposition of other sanctions authorized by this statute or any other provision of law.
- (9) The board may seek injunctive relief to enforce the provisions of RCW 26.28.080 or this chapter. The 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 board under this chapter, the court may, in addition to any other relief, award the board reasonable attorneys' fees and costs.
- 21 (10) All proceedings under subsections (1) through (8) of this section must be conducted in accordance with chapter 34.05 RCW. 22
 - (11) The 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.
- 30 Sec. 23. RCW 70.155.100 and 2006 c 14 s 5 are each amended to read as follows: 31
- (1) The liquor ((control)) and cannabis board may suspend or 32 revoke a retailer's license issued under RCW 82.24.510(1)(b) or 33 34 82.26.150(1)(b) held by a business at any location, or may impose a 35 monetary penalty as set forth in subsection $((\frac{2}{2}))$ of this section, if the liquor ((control)) and cannabis board finds that the 36 26.28.080, 70.155.020, 70.155.030, 37 has violated RCW 70.155.040, 70.155.050, 70.155.070, or 70.155.090. 38

- 1 (2) Any retailer's licenses issued under section 5 of this act to
 2 a person whose license or licenses under chapter 82.24 or 82.26 RCW
 3 have been suspended or revoked for violating RCW 26.28.080 must also
 4 be suspended or revoked during the period of suspension or revocation
 5 under this section.
 - (3) The sanctions that the liquor ((control)) and cannabis board may impose against a person licensed under RCW 82.24.530 or 82.26.170 based upon one or more findings under subsection (1) of this section may not exceed the following:

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- 10 (a) For violations of RCW 26.28.080 ((er)), 70.155.020, or 21
 11 C.F.R. Sec. 1140.14, and for violations of RCW 70.155.040 occurring
 12 on the licensed premises:
- 13 (i) A monetary penalty of ((one)) two hundred dollars for the 14 first violation within any ((two-year)) three-year period;
- 15 (ii) A monetary penalty of ((three)) six hundred dollars for the 16 second violation within any ((two-year)) 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-year)) 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-year)) threeyear 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)) three-year period;
 - (b) If the board finds that a person licensed under chapter 82.24 or 82.26 RCW and section 5 of this act has violated RCW 26.28.080, each subsequent violation of either of the person's licenses counts as an additional violation within that three-year period.
- 31 <u>(c)</u> For violations of RCW 70.155.030, a monetary penalty in the 32 amount of one hundred dollars for each day upon which such violation 33 occurred;
- 34 ((c) For violations of RCW 70.155.040 occurring on the licensed premises:
- 36 (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;

1 (iii) A monetary penalty of one thousand dollars and suspension 2 of the license for a period of six months for the third violation 3 within any two-year period;

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- (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;))
- 10 (d) For violations of RCW 70.155.050, a monetary penalty in the 11 amount of ((three)) six hundred dollars for each violation;
- 12 (e) For violations of RCW 70.155.070, a monetary penalty in the 13 amount of ((one)) two thousand dollars for each violation.
- 14 (((3))) <u>(4)</u> The liquor ((control)) <u>and cannabis</u> board may impose 15 a monetary penalty upon any person other than a licensed cigarette <u>or</u> 16 <u>tobacco product</u> retailer if the liquor ((control)) <u>and cannabis</u> board 17 finds that the person has violated RCW 26.28.080, 70.155.020, 18 70.155.030, 70.155.040, 70.155.050, 70.155.070, or 70.155.090.
- 19 (((4))) (5) The monetary penalty that the liquor ((control)) and 20 <u>cannabis</u> board may impose based upon one or more findings under 21 subsection (((3))) (4) of this section may not exceed the following:
- (a) For violation of RCW 26.28.080 or 70.155.020, ((fifty)) 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;
- 29 (d) For violations of RCW 70.155.050, ((three)) six hundred 30 dollars for each violation;
- 31 (e) For violations of RCW 70.155.070, ((one)) two thousand 32 dollars for each violation.
- (((+5))) (6) The liquor ((eontrol)) and cannabis 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.
- $((\frac{(6)}{(6)}))$ (7) The liquor $((\frac{(control)}{(control)})$ and cannabis board may issue a cease and desist order to any person who is found by the liquor $((\frac{(control)}{(control)}))$ and cannabis board to have violated or intending to violate the provisions of this chapter, RCW 26.28.080 $((\frac{cort}{(cort)}))$, 82.24.500, or 82.26.190 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))) (8) The liquor ((control)) and cannabis board may seek injunctive relief to enforce the provisions of RCW 26.28.080 ((or)), 82.24.500, 82.26.190 or this chapter. The liquor ((control)) and cannabis 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)) and cannabis board under this chapter, the court may, in addition to any other relief, award the liquor ((control)) and cannabis board reasonable attorneys' fees and costs.

 $((\frac{(8)}{(8)}))$ (9) All proceedings under subsections (1) through $((\frac{(6)}{(6)}))$ 14 (7) of this section shall be conducted in accordance with chapter 34.05 RCW.

(((9))) (10) The liquor ((control)) <u>and cannabis</u> 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.

NEW SECTION. Sec. 24. LIQUOR AND CANNABIS BOARD AUTHORITY. (1) The board must have, in addition to the board's other powers and authorities, the authority to enforce the provisions of this chapter.

- (2) The board and the board's authorized agents or employees have full power and authority to enter any place of business where 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, a peace officer or enforcement officer of the board who has reasonable grounds to believe a person observed by the officer purchasing, attempting to purchase, or in possession of vapor products is under 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, vapor products possessed by persons under eighteen years of

age are considered contraband and may be seized by a peace officer or enforcement officer of the board.

- (4) The board may work with local county health departments or districts and local law enforcement agencies to conduct random, unannounced, inspections to assure compliance.
- (5) Upon a determination by the secretary of health or a local health jurisdiction that a vapor product may be injurious to human health or poses a significant risk to public health:
- (a) The board, in consultation with the department of health and local county health jurisdictions, may cause a vapor product substance or solution sample, purchased or obtained from any vapor product retailer, distributor, or delivery sale licensee, to be analyzed by an analyst appointed or designated by the board;
- (b) If the analyzed vapor product contains an ingredient, substance, or solution present in quantities injurious to human health or posing a significant risk to public health, as determined by the secretary of health or a local health jurisdiction, the board may suspend the license of the retailer or delivery sale licensee unless the retailer or delivery sale licensee agrees to remove the product from sales; and
- (c) If upon a finding from the secretary of health or local health jurisdiction that the vapor product poses an injurious risk to public health or significant public health risk, the retailer or delivery sale licensee does not remove the product from sale, the secretary of health or local health officer may file for an injunction in superior court prohibiting the sale or distribution of that specific vapor product substance or solution.
- 28 (6) Nothing in subsection (5) of this section permits a total ban 29 on the sale or use of vapor products.
- NEW SECTION. Sec. 25. SOURCE AND USE OF FUNDS. All license fees collected and funds collected by the board from the imposition of monetary penalties pursuant to this chapter must be deposited into the youth tobacco and vapor products prevention account created in RCW 70.155.120.
- NEW SECTION. Sec. 26. EXEMPTIONS. This chapter does not apply to a motor carrier or a freight forwarder as defined in 49 U.S.C. Sec. 13102 or an air carrier as defined in 49 U.S.C. Sec. 40102.

- NEW SECTION. Sec. 27. SEVERABILITY. 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.
- 5 **Sec. 28.** RCW 82.26.170 and 2005 c 180 s 13 are each amended to 6 read as follows:
- 7 (1) A fee of ((ninety-three)) one hundred seventy-five dollars 8 shall accompany each retailer's license application or license 9 renewal application. A separate license is required for each separate 10 location at which the retailer operates.

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- (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.
- 16 (3) A retailer applying for, or renewing, both a retailer's
 17 license under RCW 82.26.170 and a vapor products retailer's license
 18 under section 5 of this act may pay a combined application fee of two
 19 hundred fifty dollars for both licenses.
- 20 **Sec. 29.** RCW 66.08.145 and 2007 c 221 s 1 are each amended to 21 read as follows:
 - (1) The liquor ((control)) and cannabis board may issue subpoenas in connection with any investigation, hearing, or proceeding for the production of books, records, and documents held under this chapter or chapters 70.155, 70.158, 70.--- (the new chapter created in section 31 of this act), 82.24, and 82.26 RCW, and books and records of common carriers as defined in RCW 81.80.010, or vehicle rental agencies relating to the transportation or possession of cigarettes or other tobacco products.
- 30 (2) The liquor ((control)) and cannabis board may designate individuals authorized to sign subpoenas.
- 32 (3) If any person is served a subpoena from the board for the 33 production of records, documents, and books, and fails or refuses to 34 obey the subpoena for the production of records, documents, and books 35 when required to do so, the person is subject to proceedings for 36 contempt, and the board may institute contempt of court proceedings 37 in the superior court of Thurston county or in the county in which 38 the person resides.

NEW SECTION. **Sec. 30.** A new section is added to chapter 70.155 RCW to read as follows:

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- (1) A person who holds a license issued under chapter 82.24 or 82.26 RCW or section 5 of this act must conduct the business and maintain the premises in compliance with Titles 9 and 9A RCW and chapter 69.50 RCW.
- 7 (2) The board may revoke or suspend a license issued under 8 chapter 82.24 or 82.26 RCW or section 5 of this act upon sufficient 9 cause showing a violation of this section.
- NEW SECTION. Sec. 31. NEW CHAPTER CREATION. Sections 3 through 8, 10 through 22, and 24 through 26 of this act constitute a new chapter in Title 70 RCW.
- NEW SECTION. Sec. 32. EFFECTIVE DATE. (1) Sections 5 through 10 and 28 of this act take effect thirty days after the Washington state liquor and cannabis board prescribes the form for an application for a license required under section 6 of this act.
 - (2) The Washington state liquor and cannabis board must provide written notice of the effective date of sections 5 through 10 and 28 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department.

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