

2nd Sub. (Gray) H.B. 415

26	26-42-103, as last amended by Laws of Utah 2011, Chapter 96
27	26-42-107, as enacted by Laws of Utah 1998, Chapter 319
28	76-10-101, as last amended by Laws of Utah 2010, Chapter 114
29	76-10-105.1, as last amended by Laws of Utah 2010, Chapter 114
30	ENACTS:
31	26-57-101 , Utah Code Annotated 1953
32	26-57-102 , Utah Code Annotated 1953
33	26-57-103 , Utah Code Annotated 1953
34	59-14-801 , Utah Code Annotated 1953
35	59-14-802 , Utah Code Annotated 1953
36	59-14-803 , Utah Code Annotated 1953
37	Utah Code Sections Affected by Coordination Clause:
38	76-10-101, as last amended by Laws of Utah 2010, Chapter 114
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40	Be it enacted by the Legislature of the state of Utah:
41	Section 1. Section 26-42-102 is amended to read:
42	26-42-102. Definitions.
43	As used in this chapter:
44	(1) "Commission" means the Utah State Tax Commission.
45	(2) "Employee" means an employee of a licensee.
46	(3) "Enforcing agency" means the state Department of Health, or any local health
47	department enforcing the provisions of this chapter.
48	(4) "Licensee" means a person licensed:
49	(a) under Section 59-14-201 to sell cigarettes at retail; [or]
50	(b) under Section 59-14-301 to sell tobacco products at retail[-]; or
51	(c) under Section 59-14-803 to sell an electronic cigarette product.
52	(5) "License to sell tobacco" or "license" means a license issued:
	(a) under Section 59-14-201 to sell cigarettes at retail; [or]
53	(a) under Section 37-14-201 to sen eigeneties at retain, [61]
	(b) under Section 59-14-301 to sell tobacco products at retail[-]; or
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57	(a) a cigarette or a tobacco product, as defined in Section 59-14-102[-]; or
58	(b) an electronic cigarette product, as defined in Section 59-14-802.
59	Section 2. Section 26-42-103 is amended to read:
60	26-42-103. Violations and penalties Imposition by enforcing agency and tax
61	commission.
62	(1) If, following an investigation or issuance of a citation or information under Section
63	77-39-101, an enforcing agency determines under Section 26-42-104 that a licensee or any
64	employee has sold tobacco to a person younger than 19 years of age, as prohibited by Section
65	76-10-104, the enforcing agency may impose upon the licensee the following administrative
66	penalties:
67	(a) upon the first violation, a penalty of not more than \$300;
68	(b) upon a second violation at the same retail location, and within 12 months of the
69	first violation, a penalty of not more than \$750; and
70	(c) upon a third or subsequent violation at the same retail location and within 12
71	months of the first violation, a penalty of not more than \$1,000.
72	(2) The enforcing agency shall notify the commission in writing of any order or order
73	of default finding a violation of Subsection (1) which is a third or fourth violation.
74	(3) The commission, upon receipt of the written notification under Subsection (2), shall
75	take action under Section 59-14-203.5 or 59-14-301.5 against the license to sell tobacco:
76	(a) by suspending the licensee's license to sell tobacco at that location for not more
77	than 30 days, upon receipt of notification of a third violation under Subsection (1)(c); and
78	(b) by revoking the license to sell tobacco at that location held by the licensee,
79	including any license under suspension, upon receipt of notification of a fourth violation under
80	Subsection (1)(c).
81	(4) When the commission revokes a license under Subsection (3)(b), the commission
82	may not issue to the licensee, or to the business entity using the license that is revoked, a
83	license under Section 59-14-202 [or], 59-14-301, or 59-14-803 to sell tobacco at the location
84	for which the license was issued for one year after:
85	(a) the day on which the time for filing an appeal of the revocation ends; or
86	(b) if the revocation is appealed, the day on which the decision to uphold the
87	revocation becomes final.

88	(5) This section does not prevent any bona fide purchaser of the business, who is not a
89	sole proprietor, director, corporate officer, or partner or other holder of significant interest in
90	the entity selling the business, from immediately applying for and obtaining a license to sell
91	tobacco.
92	Section 3. Section 26-42-107 is amended to read:
93	26-42-107. Allocation of civil penalties.
94	Civil monetary penalties collected under this chapter shall be allocated as follows:
95	(1) if a local health department conducts an adjudicative proceeding under Section
96	26-42-104, the penalty shall be paid to the treasurer of the county in which the violation was
97	committed, and transferred to:
98	(a) the local health department if it conducts a civil hearing under Section 26-42-104
99	alone; or
100	(b) in equal portions to the local health department and the other agencies that
101	participated in the hearing process;
102	(2) if the state Department of Health conducts a civil hearing under Section 26-42-104,
103	the penalty shall be deposited in the state's General Fund, and may be appropriated by the
104	Legislature to the state Department of Health for use in enforcement of this chapter; and
105	(3) if the civil penalty involves suspension or revocation of a license to sell tobacco
106	under Section 59-14-203.5 [or], 59-14-301.5, or 59-14-803, half of the penalty shall be paid to
107	the commission, and the other half shall be allocated under Subsection (1) or (2), as
108	appropriate.
109	Section 4. Section 26-57-101 is enacted to read:
110	CHAPTER 57. ELECTRONIC CIGARETTE REGULATION ACT
111	<u>26-57-101.</u> Title.
112	This chapter is known as the "Electronic Cigarette Regulation Act."
113	Section 5. Section 26-57-102 is enacted to read:
114	26-57-102. Definitions.
115	As used in this chapter:
116	(1) "Cigarette" means the same as that term is defined in Section 59-14-102.
117	(2) "Electronic cigarette" means the same as that term is defined in Section 59-14-802.
118	(3) "Electronic cigarette product" means an electronic cigarette or an electronic

119	cigarette substance.
120	(4) "Electronic cigarette substance" means the same as that term is defined in Section
121	<u>59-14-802.</u>
122	(5) "Manufacture" includes:
123	(a) to cast, construct, or make electronic cigarettes; or
124	(b) to blend, make, process, or prepare an electronic cigarette substance.
125	Section 6. Section 26-57-103 is enacted to read:
126	26-57-103. Electronic cigarette products Labeling Manufacturing and quality
127	control standards Low-grade nicotine Advertising.
128	(1) Except as described in Subsection (2), a person may not sell an electronic cigarette
129	product unless the electronic eigarette product:
130	(a) has a label that includes the electronic cigarette product's:
131	(i) manufacturer name;
132	(ii) ingredients; and
133	(iii) nicotine content; and
134	(b) is sold in a container with child-resistant packaging.
135	(2) Subsection (1) does not apply to an electronic cigarette product that is prepackaged
136	and sealed by the electronic cigarette product manufacturer.
137	(3) An individual who is less than 19 years old may not:
138	(a) sell, offer to sell, or distribute an electronic cigarette product; or
139	(b) as a person's agent, sell, offer to sell, or distribute an electronic cigarette product.
140	(4) A person may not advertise an electronic cigarette:
141	(a) as a tobacco cessation device;
142	(b) if the person is not licensed to sell an electronic cigarette product under Section
143	<u>59-14-803; or</u>
144	(c) during a period of time when the person's license to sell an electronic cigarette
145	product under Section 59-14-803 has been suspended or revoked.
146	Section 7. Section 59-14-801 is enacted to read:
147	Part 8. Electronic Cigarette Licensing Act
148	<u>59-14-801.</u> Title.
149	This part is known as the "Electronic Cigarette Licensing Act."

130	Section 8. Section 59-14-802 is enacted to read:
151	59-14-802. Definitions.
152	As used in this part:
153	(1) "Cigarette" means the same as that term is defined in Section 59-14-102.
154	(2) (a) "Electronic cigarette" means:
155	(i) an electronic device used to deliver or capable of delivering vapor containing
156	nicotine to an individual's respiratory system;
157	(ii) a component of the device described in Subsection (2)(a)(i); or
158	(iii) an accessory sold in the same package as the device described in Subsection
159	(2)(a)(i).
160	(b) "Electronic cigarette" includes an e-cigarette as defined in Section 26-38-2.
161	(3) "Electronic cigarette product" means an electronic cigarette or an electronic
162	cigarette substance.
163	(4) "Electronic cigarette substance" means any substance, including liquid containing
164	nicotine, used or intended for use in an electronic cigarette.
165	(5) "Enforcing agency" means the Department of Health, a county health department,
166	or a local health department, when enforcing:
167	(i) Title 26, Chapter 42, Civil Penalties for Tobacco Sales to Underage Persons; or
168	(ii) Title 26, Chapter 57, Electronic Cigarette Regulation Act.
169	(6) "License to sell an electronic cigarette product" means a license issued by the
170	commission under Subsection 59-14-803(3).
171	(7) "Licensee" means a person that holds a valid license to sell electronic cigarette
172	products.
173	Section 9. Section 59-14-803 is enacted to read:
174	59-14-803. Electronic cigarette licenses Sale.
175	(1) Except as provided in Subsection (2), a person may not sell, offer to sell, or
176	distribute an electronic cigarette product in Utah without first obtaining a license to sell an
177	electronic cigarette product from the commission under this section.
178	(2) A person that holds a valid license to sell cigarettes under Section 59-14-202, or a
179	person that holds a valid license to sell tobacco products under Section 59-14-301, may,
180	without obtaining a separate license to sell an electronic cigarette product under this part, sell,

101	other to sen, or distribute an electronic eigarette product in Otan in accordance with this part.
182	(3) Except as provided in Subsection (6), the commission shall issue a license to sell an
183	electronic cigarette product to a person that:
184	(a) submits an application, on a form created by the commission, that includes:
185	(i) the person's name;
186	(ii) the address of the facility where the person will sell an electronic cigarette product;
187	<u>and</u>
188	(iii) any other information the commission requires to implement this chapter; and
189	(b) pays a fee:
190	(i) in the amount of \$30; or
191	(ii) if renewing the person's license, in the amount of \$20.
192	(4) A license described in Subsection (3) is:
193	(a) valid only at one fixed business address;
194	(b) valid for three years;
195	(c) valid only for a physical location; and
196	(d) renewable if a licensee meets the criteria for licensing described in Subsection (3).
197	(5) The commission shall, after notifying a licensee, revoke a license described in
198	Subsection (3) if an enforcing agency determines the licensee has violated a provision of:
199	(a) Title 26, Chapter 42, Civil Penalties for Tobacco Sales to Underage Persons; or
200	(b) Title 26, Chapter 57, Electronic Cigarette Regulation Act.
201	(6) If the commission revokes a person's license to sell an electronic cigarette product
202	under Subsection (5), the commission may not issue a license to sell an electronic cigarette
203	product, a license to sell cigarettes under Section 59-14-201, or a license to sell tobacco under
204	Section 59-14-301 to the person until one year after:
205	(a) the day on which the time for filing an appeal of the revocation ends, as determined
206	by the enforcing agency; or
207	(b) if the person appeals the enforcing agency's decision to revoke the license to sell an
208	electronic cigarette product, the day on which the enforcing agency's decision to uphold the
209	revocation is final.
210	(7) If the commission revokes a person's license under Subsection (6), the commission
211	shall also revoke the person's license to sell cigarettes under Section 59-14-201, if any, and the

212	person's license to sell tobacco under Section 59-14-301, if any.
213	(8) The commission may make rules in accordance with Title 63G, Chapter 3, Utah
214	Administrative Rulemaking Act, to establish the additional information described in
215	Subsection (3)(a)(iii) that a person must provide in the application described in Subsection
216	(3)(a).
217	(9) It is a class B misdemeanor for a person to violate Subsection (1).
218	Section 10. Section 76-10-101 is amended to read:
219	76-10-101. Definitions.
220	As used in this part:
221	(1) "Cigar" means a product that contains nicotine, is intended to be burned under
222	ordinary conditions of use, and consists of any roll of tobacco wrapped in leaf tobacco, or in
223	any substance containing tobacco, other than any roll of tobacco that is a cigarette as described
224	in Subsection (2).
225	(2) "Cigarette" means a product that contains nicotine, is intended to be burned under
226	ordinary conditions of use, and consists of:
227	(a) any roll of tobacco wrapped in paper or in any substance not containing tobacco; or
228	(b) any roll of tobacco wrapped in any substance containing tobacco which, because of
229	its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to
230	be offered to, or purchased by, consumers as a cigarette described in Subsection (2)(a).
231	(3) "Electronic cigarette" means [any device, other than a cigarette or cigar, intended to
232	deliver vapor containing nicotine into a person's respiratory system] an electronic cigarette
233	product, as defined in Section 59-14-802.
234	(4) "Place of business" includes:
235	(a) a shop;
236	(b) a store;
237	(c) a factory;
238	(d) a public garage;
239	(e) an office;
240	(f) a theater;
241	(g) a recreation hall;
242	(h) a dance hall;

(i) a poolroom;

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244	(j) a café;
245	(k) a cafeteria;
246	(l) a cabaret;
247	(m) a restaurant;
248	(n) a hotel;
249	(o) a lodging house;
250	(p) a streetcar;
251	(q) a bus;
252	(r) an interurban or railway passenger coach;
253	(s) a waiting room; and
254	(t) any other place of business.
255	(5) "Smoking" means the possession of any lighted cigar, cigarette, pipe, or other
256	lighted smoking equipment.
257	Section 11. Section 76-10-105.1 is amended to read:
258	76-10-105.1. Requirement of direct, face-to-face sale of tobacco products and
259	electronic cigarettes Supremacy clause Penalties.
260	(1) As used in this section:
261	(a) "Cigarette tobacco" means a product that consists of loose tobacco that contains or
262	delivers nicotine and is intended for use by a consumer in a cigarette.
263	(b) "Pipe tobacco" means a product that consists of loose tobacco that contains or
264	delivers nicotine and is intended to be smoked by a consumer in a pipe.
265	(c) "Retailer" means a person who sells cigarettes, electronic cigarettes, cigars,
266	cigarette tobacco, pipe tobacco, or smokeless tobacco to individuals for personal consumption
267	or who operates a facility where a vending machine or a self-service display is permitted under
268	Subsection (3)(b).
269	(d) "Self-service display" means a display of cigarettes, electronic cigarettes, cigars,
270	cigarette tobacco, pipe tobacco, or smokeless tobacco products to which the public has access
271	without the intervention of a retail employee.
272	(e) "Smokeless tobacco" means a product that consists of cut, ground, powdered, or
273	leaf tobacco that contains nicotine and that is intended to be placed in the oral cavity.

- (2) (a) Except as provided in Subsection (3), a retailer may sell cigarettes, [electronic cigarettes] an electronic cigarette, cigars, cigarette tobacco, pipe tobacco, and smokeless tobacco only in a direct, face-to-face exchange between:
 - (i) an employee of the retailer; and
 - (ii) the purchaser.
- (b) Examples of methods that are not permitted include vending machines and self-service displays.
- (c) Subsections (2)(a) and (b) do not prohibit the use or display of locked cabinets containing cigarettes, [electronic cigarettes] an electronic cigarette, cigars, cigarette tobacco, pipe tobacco, or smokeless tobacco if the locked cabinets are accessible only to the retailer or the retailer's employees.
 - (3) The following sales are permitted as exceptions to Subsection (2):
 - (a) mail-order sales, if the provisions of Section 59-14-509 are met;
- (b) sales from vending machines, including vending machines that sell packaged, single cigarettes or cigars, and self-service displays that are located in a separate and defined area within a facility where the retailer ensures that no person younger than 19 years of age is present, or permitted to enter, at any time, unless accompanied by a parent or legal guardian; and
- (c) sales by a retailer from a retail store which derives at least 80% of its revenue from tobacco and tobacco related products and where the retailer ensures that no person younger than 19 years of age is present, or permitted to enter at any time, unless accompanied by a parent or legal guardian.
- (4) (a) Any ordinance, regulation, or rule adopted by the governing body of a political subdivision of the state or by a state agency that affects the sale, placement, or display of cigarettes, [electronic cigarettes,] cigars, cigarette tobacco, pipe tobacco, or smokeless tobacco that is not essentially identical to the provisions of this section and Section 76-10-102 is superseded.
- (b) Except as provided in Subsection (4)(c), any ordinance, regulation, or rule adopted by the governing body of a political subdivision of the state or by a state agency that affects the sale, placement, or display of an electronic cigarette is not superseded.
 - (c) An ordinance, regulation, or rule adopted by the governing body of a political

305	subdivision of the state or by a state agency that affects the sale, placement, or display of an
306	electronic cigarette that is prepackaged and sealed by the electronic cigarette manufacturer is
307	superseded.
308	(5) (a) A parent or legal guardian who accompanies a person younger than 19 years of
309	age into an area described in Subsection (3)(b) or into a retail store as described in Subsection
310	(3)(c) and permits the person younger than 19 years of age to purchase or otherwise take a
311	cigar, cigarette, [electronic cigarette] an electronic cigarette, or tobacco in any form is guilty of
312	providing tobacco as provided for in Section 76-10-104 and the penalties provided for in that
313	section.
314	(b) Nothing in this section may be construed as permitting a person to provide tobacco
315	to a minor in violation of Section 76-10-104.
316	(6) Violation of Subsection (2) or (3) is a:
317	(a) class C misdemeanor on the first offense;
318	(b) class B misdemeanor on the second offense; and
319	(c) class A misdemeanor on the third and all subsequent offenses.
320	Section 12. Effective date.
321	This bill takes effect on July 1, 2015.
322	Section 13. Coordinating H.B. 415 with H.B. 131 Substantive amendments.
323	If this H.B. 415 and H.B. 131, Tobacco Shop Amendments, both pass and become law,
324	it is the intent of the Legislature that, when the Office of Legislative Research and General
325	Counsel prepares the Utah Code database for publication:
326	(1) the amendments to Section 76-10-101 in this bill supersede the amendments to
327	Section 76-10-101 in H.B. 131; and
328	(2) Section 76-10-105.1 shall be amended to read:
329	"76-10-105.1 Requirement of direct, face-to-face sale of cigarettes, tobacco, and
330	electronic cigarettes Minors not allowed in tobacco specialty shop Penalties.
331	(1) As used in this section:
332	[(a) "Cigarette tobacco" means a product that consists of loose tobacco that contains or
333	delivers nicotine and is intended for use by a consumer in a cigarette.]
334	[(b) "Pipe tobacco" means a product that consists of loose tobacco that contains or
335	delivers nicotine and is intended to be smoked by a consumer in a pipe.]

336	(a) "Cigarette" means the same as that term is defined in Section 59-14-102.
337	(b) (i) "Face-to-face exchange" means a transaction made in person between an
338	individual and a retailer or retailer's employee.
339	(ii) "Face-to-face exchange" does not include a sale through a:
340	(A) vending machine; or
341	(B) self-service display.
342	(c) "Retailer" means a person who [sells eigarettes, electronic eigarettes, eigars,
343	cigarette tobacco, pipe tobacco, or smokeless tobacco to individuals for personal consumption
344	or who]:
345	(i) sells a cigarette, tobacco, or an electronic cigarette to an individual for personal
346	consumption; or
347	(ii) operates a facility [where a vending machine or a self-service display is permitted
348	under Subsection (3)(b)] with a vending machine that sells a cigarette, tobacco, or an electronic
349	cigarette.
350	(d) "Self-service display" means a display of [cigarettes, electronic cigarettes, cigars,
351	cigarette tobacco, pipe tobacco, or smokeless tobacco products] a cigarette, tobacco, or an
352	electronic cigarette to which the public has access without the intervention of a [retail] retailer
353	or retailer's employee.
354	[(e) "Smokeless tobacco" means a product that consists of cut, ground, powdered, or
355	leaf tobacco that contains nicotine and that is intended to be placed in the oral cavity.]
356	(e) "Tobacco" means any product, except a cigarette, made of or containing tobacco.
357	(f) "Tobacco specialty shop" means a retailer with a physical location that derives at
358	least 80% of its total sales from the sale of cigarettes, tobacco, or electronic cigarettes.
359	(2) [(a)] Except as provided in Subsection (3), a retailer may sell [cigarettes, electronic
360	cigarettes, cigarette tobacco, pipe tobacco, and smokeless tobacco only in a direct,
361	face-to-face exchange between:] a cigarette, tobacco, or an electronic cigarette only in a
362	face-to-face exchange.
363	[(i) an employee of the retailer; and]
364	[(ii) the purchaser.]
365	[(b) Examples of methods that are not permitted include vending machines and
366	self-service displays.]

367	[(c) Subsections (2)(a) and (b) do not prohibit the use or display of locked cabinets
368	containing cigarettes, electronic cigarettes, cigars, cigarette tobacco, pipe tobacco, or smokeless
369	tobacco if the locked cabinets are accessible only to the retailer or the retailer's employees.]
370	[(3) The following sales are permitted as exceptions to Subsection (2):]
371	[(a) mail-order sales, if the provisions of Section 59-14-509 are met;]
372	[(b) sales from vending machines, including vending machines that sell packaged,
373	single cigarettes or cigars, and self-service displays that are located in a separate and defined
374	area within a facility where the retailer ensures that no person younger than 19 years of age is
375	present, or permitted to enter, at any time, unless accompanied by a parent or legal guardian;
376	and]
377	[(c) sales by a retailer from a retail store which derives at least 80% of its revenue from
378	tobacco and tobacco related products and where the retailer ensures that no person younger
379	than 19 years of age is present, or permitted to enter at any time, unless accompanied by a
380	parent or legal guardian.]
381	[4) Any ordinance, regulation, or rule adopted by the governing body of a political
382	subdivision of the state or by a state agency that affects the sale, placement, or display of
383	cigarettes, electronic cigarettes, cigars, cigarette tobacco, pipe tobacco, or smokeless tobacco
384	that is not essentially identical to the provisions of this section and Section 76-10-102 is
385	superseded.]
386	[(5) (a) A parent or legal guardian who accompanies a person younger than 19 years of
387	age into an area described in Subsection (3)(b) or into a retail store as described in Subsection
388	(3)(c) and permits the person younger than 19 years of age to purchase or otherwise take a
389	cigar, cigarette, electronic cigarette, or tobacco in any form is guilty of providing tobacco as
390	provided for in Section 76-10-104 and the penalties provided for in that section.]
391	[(b) Nothing in this section may be construed as permitting a person to provide tobacco
392	to a minor in violation of Section 76-10-104.]
393	(3) The face-to-face sale requirement in Subsection (2) does not apply to:
394	(a) a mail-order, telephone, or Internet sale made in compliance with Section
395	<u>59-14-509;</u>
396	(b) a sale from a vending machine or self-service display that is located in an area of a
397	retailer's facility:

398	(i) that is distinct and separate from the rest of the facility; and
399	(ii) where the retailer only allows an individual who complies with Subsection (4) to be
400	present; or
401	(c) a sale at a tobacco specialty shop.
402	(4) An individual who is less than 19 years old may not enter or be present at a tobacco
403	specialty shop unless the individual is:
404	(a) accompanied by a parent or legal guardian;
405	(b) present at the tobacco shop for a bona fide commercial purpose other than to
406	purchase a cigarette, tobacco, or an electronic cigarette; or
407	(c) 18 years old or older and an active duty member of the United States Armed Forces,
408	as demonstrated by a valid, government-issued military identification card.
409	(5) A parent or legal guardian who accompanies, under Subsection (4)(a), an individual
410	into an area described in Subsection (3)(b), or into a tobacco specialty shop, may not allow the
411	individual to purchase a cigarette, tobacco, or an electronic cigarette.
412	(6) [Violation] A violation of Subsection (2) or [(3)] (4) is a:
413	(a) class C misdemeanor on the first offense;
414	(b) class B misdemeanor on the second offense; and
415	(c) class A misdemeanor on the third and all subsequent offenses.
416	(7) An individual who violates Subsection (5) is guilty of providing tobacco to a minor
417	under Section 76-10-104.
418	(8) (a) Any ordinance, regulation, or rule adopted by the governing body of a political
419	subdivision of the state or by a state agency that affects the sale, placement, or display of
420	cigarettes or tobacco that is not essentially identical to the provisions of this section and
421	Section 76-10-102 is superseded.
422	(b) Except as provided in Subsection (8)(c), any ordinance, regulation, or rule adopted
423	by the governing body of a political subdivision of the state or by a state agency that affects the
424	sale, placement, or display of an electronic cigarette is not superseded.
425	(c) An ordinance, regulation, or rule adopted by the governing body of a political
426	subdivision of the state or by a state agency that affects the sale, placement, or display of an
427	electronic cigarette that is prepackaged and sealed by the electronic cigarette manufacturer is
428	superseded.

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429	(d) Subsection (8)(a) does not apply to the adoption or enforcement of a land use
430	ordinance by a municipal or county government "