Senator Kirk A. Cullimore proposes the following substitute bill:

1	F	RETAIL TOBACCO AMEND	MENTS
2		2020 GENERAL SESSION	
3		STATE OF UTAH	
4	C	hief Sponsor: Jennifer Dailey	-Provost
5		Senate Sponsor: Evan J. Vic.	kers
6	Cosponsors:	Brian S. King	Lawanna Shurtliff
7	Patrice M. Arent	Karen Kwan	Andrew Stoddard
8	Melissa G. Ballard	Carol Spackman Moss	Norman K. Thurston
9	Joel K. Briscoe	Derrin R. Owens	Steve Waldrip
10	Susan Duckworth	Lee B. Perry	Elizabeth Weight
11	Steve Eliason	Stephanie Pitcher	Mark A. Wheatley
12	Suzanne Harrison	Marie H. Poulson	Logan Wilde
13	Sandra Hollins	Paul Ray	Mike Winder
14	Eric K. Hutchings	Angela Romero	
	Marsha Judkins		
15			
16	LONG TITLE		
17	General Description:		
18	This bill amends provisions relating to the sale of certain tobacco products.		tobacco products.
19	Highlighted Provisions:		
20	This bill:		
21	 defines terms; 		
22	 amends the defin 	nition of a retail tobacco specialty busi	iness to include any retailer

23 that sells a flavored electronic cigarette product;

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24	 authorizes regulation and testing of manufacturer sealed electronic cigarette
25	substances;
26	 requires a tobacco retailer to maintain certain records;
27	 prohibits a manufacturer, wholesaler, or retailer from providing certain discounts or
28	giveaways for tobacco products; and
29	 makes technical changes.
30	Money Appropriated in this Bill:
31	None
32	Other Special Clauses:
33	This bill provides a coordination clause.
34	Utah Code Sections Affected:
35	AMENDS:
36	10-8-41.6, as last amended by Laws of Utah 2018, Chapter 231
37	17-50-333, as last amended by Laws of Utah 2018, Chapter 231
38	26-57-103, as enacted by Laws of Utah 2015, Chapter 132
39	76-10-111, as last amended by Laws of Utah 2010, Chapter 114
40	76-10-112, as enacted by Laws of Utah 1989, Chapter 193
41	ENACTS:
42	26-62-206 , Utah Code Annotated 1953
43	Utah Code Sections Affected by Coordination Clause:
44	10-8-41.6, as last amended by Laws of Utah 2018, Chapter 231
45	17-50-333, as last amended by Laws of Utah 2018, Chapter 231
46	
47	Be it enacted by the Legislature of the state of Utah:
48	Section 1. Section 10-8-41.6 is amended to read:
49	10-8-41.6. Regulation of retail tobacco specialty business.
50	(1) As used in this section:
51	(a) "Community location" means:
52	(i) a public or private kindergarten, elementary, middle, junior high, or high school;
53	(ii) a licensed child-care facility or preschool;
54	(iii) a trade or technical school;

55	(iv) a church;
56	(v) a public library;
57	(vi) a public playground;
58	(vii) a public park;
59	(viii) a youth center or other space used primarily for youth oriented activities;
60	(ix) a public recreational facility;
61	(x) a public arcade; or
62	(xi) for a new license issued on or after July 1, 2018, a homeless shelter.
63	(b) "Department" means the Department of Health, created in Section 26-1-4.
64	(c) "Electronic cigarette product" means the same as that term is defined in Section
65	<u>59-14-802.</u>
66	(d) (i) "Flavored electronic cigarette product" means an electronic cigarette product
67	that has a taste or smell that is distinguishable by an ordinary consumer either before or during
68	use or consumption of the electronic cigarette product.
69	(ii) "Flavored electronic cigarette product" includes an electronic cigarette product that
70	has a taste or smell of any fruit, chocolate, vanilla, honey, candy, cocoa, dessert, alcoholic
71	beverage, herb, or spice.
72	(iii) "Flavored electronic cigarette product" does not include an electronic cigarette
73	product that:
74	(A) has a taste or smell of only tobacco, mint, or menthol; or
75	(B) has been issued an order by the United States Food and Drug Administration
76	approving the premarket tobacco product application of the electronic cigarette product under
77	<u>21 U.S.C. Sec. $387j(c)(1)(A)(i)$.</u>
78	$\left[\frac{(c)}{(c)}\right]$ "Local health department" means the same as that term is defined in Section
79	26A-1-102.
80	$\left[\frac{d}{d}\right]$ "Permittee" means a person licensed under this section to conduct business as
81	a retail tobacco specialty business.
82	[(c)] (g) "Retail tobacco specialty business" means a commercial establishment in
83	which:
84	(i) the sale of tobacco products accounts for more than 35% of the total quarterly gross
85	receipts for the establishment;

86	(ii) 20% or more of the public retail floor space is allocated to the offer, display, or
87	storage of tobacco products;
88	(iii) 20% or more of the total shelf space is allocated to the offer, display, or storage of
89	tobacco products; [or]
90	(iv) the retail space features a self-service display for tobacco products[-]; or
91	(v) any flavored electronic cigarette product is sold.
92	[(f)] (h) "Self-service display" means the same as that term is defined in Section
93	76-10-105.1.
94	[(g)] (i) "Tobacco product" means:
95	(i) any cigar, cigarette, or electronic cigarette, as those terms are defined in Section
96	76-10-101;
97	(ii) a tobacco product, as that term is defined in Section 59-14-102, including:
98	(A) chewing tobacco; or
99	(B) any substitute for a tobacco product, including flavoring or additives to tobacco;
100	and
101	(iii) tobacco paraphernalia, as that term is defined in Section 76-10-104.1.
102	(2) The regulation of a retail tobacco specialty business is an exercise of the police
103	powers of the state, and through delegation, to other governmental entities.
104	(3) (a) A person may not operate a retail tobacco specialty business in a municipality
105	unless the person obtains a license from the municipality in which the retail tobacco specialty
106	business is located.
107	(b) A municipality may only issue a retail tobacco specialty business license to a
108	person if the person complies with the provisions of Subsections (4) and (5).
109	(4) (a) Except as provided in Subsection (7), a municipality may not issue a license for
110	a person to conduct business as a retail tobacco specialty business if the retail tobacco specialty
111	business is located within:
112	(i) 1,000 feet of a community location;
113	(ii) 600 feet of another retail tobacco specialty business; or
114	(iii) 600 feet from property used or zoned for:
115	(A) agriculture use; or
116	(B) residential use.

- (b) For purposes of Subsection (4)(a), the proximity requirements shall be measured in
 a straight line from the nearest entrance of the retail tobacco specialty business to the nearest
 property boundary of a location described in Subsections (4)(a)(i) through (iii), without regard
 to intervening structures or zoning districts.
- (5) (a) Except as provided in Subsection (5)(b), beginning July 1, 2018, a municipality
 may not issue or renew a license for a person to conduct business as a retail tobacco specialty
 business until the person provides the municipality with proof that the retail tobacco specialty
 business has:
- (i) a valid permit for a retail tobacco specialty business issued under Title 26, Chapter
 62, Tobacco Retail Permit, by the local health department having jurisdiction over the area in
 which the retail tobacco specialty business is located; and
- 128 (ii) a valid license to sell tobacco products from the State Tax Commission.
- 129 (b) A person that was licensed to conduct business as a retail tobacco specialty
- business in a municipality before July 1, 2018, shall obtain a permit from a local health
- department under Title 26, Chapter 62, Tobacco Retail Permit, on or before January 1, 2019.
- 132 (6) (a) Nothing in this section:
- (i) requires a municipality to issue a retail tobacco specialty business license; or
- (ii) prohibits a municipality from adopting more restrictive requirements on a person
 seeking a license or renewal of a license to conduct business as a retail tobacco specialty
 business.
- (b) A municipality may suspend or revoke a retail tobacco specialty business licenseissued under this section:
- (i) if a licensee engages in a pattern of unlawful activity under Title 76, Chapter 10,
 Part 16, Pattern of Unlawful Activity Act;
- (ii) if a licensee violates the regulations restricting the sale and distribution of
 cigarettes and smokeless tobacco to protect children and adolescents issued by the United
 States Food and Drug Administration, 21 C.F.R. Part 1140;
- 144 (iii) upon the recommendation of the department or a local health department under
 145 Title 26, Chapter 62, Tobacco Retail Permit; or
- 146 (iv) under any other provision of state law or local ordinance.
- 147 (7) (a) In accordance with Subsection (7)(b), a retail tobacco specialty business that has

148	a business license and is operating in a municipality in accordance with all applicable laws
149	except for the requirement in Subsection (4), on or before December 31, 2015, is exempt from
150	Subsection (4).
151	(b) A retail tobacco specialty business may maintain an exemption under Subsection
152	(7)(a) if:
153	(i) the retail tobacco specialty business license is renewed continuously without lapse
154	or permanent revocation;
155	(ii) the retail tobacco specialty business does not close for business or otherwise
156	suspend the sale of tobacco products for more than 60 consecutive days;
157	(iii) the retail tobacco specialty business does not substantially change the business
158	premises or business operation; and
159	(iv) the retail tobacco specialty business maintains the right to operate under the terms
160	of other applicable laws, including:
161	(A) Title 26, Chapter 38, Utah Indoor Clean Air Act;
162	(B) zoning ordinances;
163	(C) building codes; and
164	(D) the requirements of a retail tobacco specialty business license issued before
165	December 31, 2015.
166	Section 2. Section 17-50-333 is amended to read:
167	17-50-333. Regulation of retail tobacco specialty business.
168	(1) As used in this section:
169	(a) "Community location" means:
170	(i) a public or private kindergarten, elementary, middle, junior high, or high school;
171	(ii) a licensed child-care facility or preschool;
172	(iii) a trade or technical school;
173	(iv) a church;
174	(v) a public library;
175	(vi) a public playground;
176	(vii) a public park;
177	(viii) a youth center or other space used primarily for youth oriented activities;
178	(ix) a public recreational facility;

179	(x) a public arcade; or
180	(xi) for a new license issued on or after July 1, 2018, a homeless shelter.
181	(b) "Department" means the Department of Health, created in Section 26-1-4.
182	(c) "Electronic cigarette product" means the same as that term is defined in Section
183	<u>59-14-802.</u>
184	(d) (i) "Flavored electronic cigarette product" means an electronic cigarette product
185	that has a taste or smell that is distinguishable by an ordinary consumer either before or during
186	use or consumption of the electronic cigarette product.
187	(ii) "Flavored electronic cigarette product" includes an electronic cigarette product that
188	has a taste or smell of any fruit, chocolate, vanilla, honey, candy, cocoa, dessert, alcoholic
189	beverage, herb, or spice.
190	(iii) "Flavored electronic cigarette product" does not include an electronic cigarette
191	product that:
192	(A) has a taste or smell of only tobacco, mint, or menthol; or
193	(B) has been issued an order by the United States Food and Drug Administration
194	approving the premarket tobacco product application of the electronic cigarette product under
195	<u>21 U.S.C. Sec. 387j(c)(1)(A)(i).</u>
196	[(c)] (e) "Licensee" means a person licensed under this section to conduct business as a
197	retail tobacco specialty business.
198	$\left[\frac{d}{d}\right]$ (f) "Local health department" means the same as that term is defined in Section
199	26A-1-102.
200	[(e)] (g) "Retail tobacco specialty business" means a commercial establishment in
201	which:
202	(i) the sale of tobacco products accounts for more than 35% of the total quarterly gross
203	receipts for the establishment;
204	(ii) 20% or more of the public retail floor space is allocated to the offer, display, or
205	storage of tobacco products;
206	(iii) 20% or more of the total shelf space is allocated to the offer, display, or storage of
207	tobacco products; [or]
208	(iv) the retail space features a self-service display for tobacco products[-]; or
209	(v) any flavored electronic cigarette product is sold.

210	[(f)] (h) "Self-service display" means the same as that term is defined in Section
211	76-10-105.1.
212	[(g)] (i) "Tobacco product" means:
213	(i) any cigar, cigarette, or electronic cigarette as those terms are defined in Section
214	76-10-101;
215	(ii) a tobacco product as that term is defined in Section 59-14-102, including:
216	(A) chewing tobacco; or
217	(B) any substitute for a tobacco product, including flavoring or additives to tobacco;
218	and
219	(iii) tobacco paraphernalia as that term is defined in Section 76-10-104.1.
220	(2) The regulation of a retail tobacco specialty business is an exercise of the police
221	powers of the state, and through delegation, to other governmental entities.
222	(3) (a) A person may not operate a retail tobacco specialty business in a county unless
223	the person obtains a license from the county in which the retail tobacco specialty business is
224	located.
225	(b) A county may only issue a retail tobacco specialty business license to a person if
226	the person complies with the provisions of Subsections (4) and (5).
227	(4) (a) Except as provided in Subsection (7), a county may not issue a license for a
228	person to conduct business as a retail tobacco specialty business if the retail tobacco specialty
229	business is located within:
230	(i) 1,000 feet of a community location;
231	(ii) 600 feet of another retail tobacco specialty business; or
232	(iii) 600 feet from property used or zoned for:
233	(A) agriculture use; or
234	(B) residential use.
235	(b) For purposes of Subsection (4)(a), the proximity requirements shall be measured in
236	a straight line from the nearest entrance of the retail tobacco specialty business to the nearest
237	property boundary of a location described in Subsections (4)(a)(i) through (iii), without regard
238	to intervening structures or zoning districts.
239	(5) (a) Except as provided in Subsection (5)(b), beginning July 1, 2018, a county may
240	not issue or renew a license for a person to conduct business as a retail tobacco specialty

241	business until the person provides the county with proof that the retail tobacco specialty
242	business has:
243	(i) a valid permit for a retail tobacco specialty business issued under Title 26, Chapter
244	62, Tobacco Retail Permit, by the local health department having jurisdiction over the area in
245	which the retail tobacco specialty business is located; and
246	(ii) a valid license to sell tobacco products from the State Tax Commission.
247	(b) A person that was licensed to conduct business as a retail tobacco specialty
248	business in a county before July 1, 2018, shall obtain a permit from a local health department
249	under Title 26, Chapter 62, Tobacco Retail Permit, on or before January 1, 2019.
250	(6) (a) Nothing in this section:
251	(i) requires a county to issue a retail tobacco specialty business license; or
252	(ii) prohibits a county from adopting more restrictive requirements on a person seeking
253	a license or renewal of a license to conduct business as a retail tobacco specialty business.
254	(b) A county may suspend or revoke a retail tobacco specialty business license issued
255	under this section:
256	(i) if a licensee engages in a pattern of unlawful activity under Title 76, Chapter 10,
257	Part 16, Pattern of Unlawful Activity Act;
258	(ii) if a licensee violates the regulations restricting the sale and distribution of
259	cigarettes and smokeless tobacco to protect children and adolescents issued by the United
260	States Food and Drug Administration, 21 C.F.R. Part 1140;
261	(iii) upon the recommendation of the department or a local health department under
262	Title 26, Chapter 62, Tobacco Retail Permit; or
263	(iv) under any other provision of state law or local ordinance.
264	(7) (a) In accordance with Subsection (7)(b), a retail tobacco specialty business that has
265	a business license and is operating in a county in accordance with all applicable laws except for
266	the requirement in Subsection (4), on or before December 31, 2015, is exempt from Subsection
267	(4).
268	(b) A retail tobacco specialty business may maintain an exemption under Subsection
269	(7)(a) if:
270	(i) the retail tobacco specialty business license is renewed continuously without lapse
271	or permanent revocation;

272	(ii) the retail tobacco specialty business does not close for business or otherwise
273	suspend the sale of tobacco products for more than 60 consecutive days;
274	(iii) the retail tobacco specialty business does not substantially change the business
275	premises or business operation; and
276	(iv) the retail tobacco specialty business maintains the right to operate under the terms
277	of other applicable laws, including:
278	(A) Title 26, Chapter 38, Utah Indoor Clean Air Act;
279	(B) zoning ordinances;
280	(C) building codes; and
281	(D) the requirements of a retail tobacco specialty business license issued before
282	December 31, 2015.
283	Section 3. Section 26-57-103 is amended to read:
284	26-57-103. Electronic cigarette products Labeling Manufacturing and
285	quality control standards Advertising.
286	(1) The department shall, in consultation with a local health department, as defined in
287	Section 26A-1-102, and with input from members of the public, establish, no later than January
288	1, 2016, by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
289	Rulemaking Act, standards for electronic cigarette substance:
290	(a) labeling;
291	(b) nicotine content;
292	(c) packaging; and
293	(d) product quality.
294	[(2) The standards established by the department under Subsection (1) do not apply to a
295	manufacturer sealed electronic cigarette substance.]
296	(2) On or before January 1, 2021, the department shall, in consultation with a local
297	health department, as defined in Section 26A-1-102, and with input from members of the
298	public, establish by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
299	Rulemaking Act, standards for manufacturer sealed electronic cigarette substance:
300	(a) labeling;
301	(b) nicotine content;
302	(c) packaging; and

303	(d) product quality.
304	(3) (a) Beginning on July 1, 2016, a person may not sell an electronic cigarette
305	substance unless the electronic cigarette substance complies with the standards established by
306	the department under Subsection (1).
307	(b) Beginning July 1, 2021, a person may not sell a manufacturer sealed electronic
308	cigarette substance unless the manufacturer sealed electronic cigarette substance complies with
309	the standards established by the department under Subsection (2).
310	(4) (a) Beginning on July 1, 2016, a local health department may not enact a rule or
311	regulation regarding electronic cigarette substance labeling, nicotine content, packaging, or
312	product quality that is not identical to the standards established by the department under
313	[Subsection (1)] Subsections (1) and (2).
314	(b) Except as provided in Subsection (4)(c), a local health department may enact a rule
315	or regulation regarding electronic cigarette substance manufacturing.
316	(c) A local health department may not enact a rule or regulation regarding a
317	manufacturer sealed electronic cigarette substance.
318	(5) Beginning on July 1, 2016, a person may not advertise an electronic cigarette
319	product:
320	(a) as a tobacco cessation device;
321	(b) if the person is not licensed to sell an electronic cigarette product under Section
322	59-14-803; or
323	(c) during a period of time when the person's license to sell an electronic cigarette
324	product under Section 59-14-803 has been suspended or revoked.
325	Section 4. Section 26-62-206 is enacted to read:
326	<u>26-62-206.</u> Permit requirements for the sale of tobacco products.
327	(1) A tobacco retailer shall:
328	(a) for each sale of a tobacco product, provide the customer with an itemized receipt
329	for each sale of a tobacco product that separately identifies:
330	(i) the name of the tobacco product;
331	(ii) the amount charged for each tobacco product; and
332	(iii) the time and date of the sale; and
333	(b) maintain an itemized transaction log for each sale of a tobacco product that

334	separately identifies:
335	(i) the name of the tobacco product;
336	(ii) the amount charged for each tobacco product; and
337	(iii) the date and time of the sale.
338	(2) The itemized transaction log described in Subsection (1)(b) shall be:
339	(a) maintained for at least one year from the date of each transaction in the itemized
340	transaction log; and
341	(b) made available to an enforcing agency or peace officer at the request of the
342	enforcing agency or peace officer that is no less restrictive than the provisions in this part.
343	Section 5. Section 76-10-111 is amended to read:
344	76-10-111. Prohibition of gift or free distribution of smokeless tobacco or
345	electronic cigarettes Exceptions.
346	(1) The Legislature finds that:
347	(a) smokeless tobacco, or chewing tobacco, is harmful to the health of individuals who
348	use those products because research indicates that they may cause mouth or oral cancers;
349	(b) the use of smokeless tobacco among juveniles in this state is increasing rapidly;
350	(c) the use of electronic cigarettes may lead to unhealthy behavior such as the use of
351	tobacco products; and
352	(d) it is necessary to restrict the gift of the products described in this Subsection (1) in
353	the interest of the health of the citizens of this state.
354	(2) (a) Except as provided in Subsection (3), it is unlawful for a manufacturer,
355	wholesaler, and retailer to:
356	(i) give or distribute without charge any smokeless tobacco, chewing tobacco, or
357	electronic cigarette in this state[-];
358	(ii) except as provided in Subsection (2)(b), sell, offer for sale, or furnish any
359	smokeless tobacco, chewing tobacco, or electronic cigarette at less than 90% of the cost of the
360	product to the manufacturer, wholesaler, or retailer; or
361	(iii) give, distribute, sell, offer for sale, or furnish any smokeless tobacco, chewing
362	tobacco, or electronic cigarette for free or at a lower price because the recipient of the
363	electronic cigarette product makes another purchase.
364	(b) The price that a manufacturer, wholesaler, or retailer may charge under Subsection

365	(2)(a)(ii) does not include a discount for:
366	(i) a physical manufacturer coupon:
367	(A) that is surrendered to the wholesaler or retailer at the time of sale; and
368	(B) for which the manufacturer will reimburse the wholesaler or the retailer for the full
369	amount of the discount described in the manufacturer coupon and provided to the purchaser;
370	(ii) a rebate that will be paid to the manufacturer, the wholesaler, or the retailer for the
371	full amount of the rebate provided to the purchaser; or
372	(iii) a promotional fund that will be paid to the manufacturer, the wholesaler, or the
373	retailer for the full amount of the promotional fund provided to the purchaser.
374	(c) Any person who violates this section is guilty of a class C misdemeanor for the first
375	offense, and is guilty of a class B misdemeanor for any subsequent offense.
376	(3) [(a)] Smokeless tobacco, chewing tobacco, or an electronic cigarette may be
377	distributed to adults without charge at professional conventions where the general public is
378	excluded.
379	[(b) Subsection (2) does not apply to a retailer, manufacturer, or distributor who gives
380	smokeless tobacco, chewing tobacco, or an electronic cigarette to a person of legal age upon
381	the person's purchase of another tobacco product or electronic cigarette.]
382	Section 6. Section 76-10-112 is amended to read:
383	76-10-112. Prohibition of distribution of cigarettes or other tobacco products
384	Exceptions.
385	(1) (a) Except as provided in Subsection [(2)] (3), it is unlawful for a manufacturer,
386	wholesaler, or retailer to:
387	(i) give or distribute cigarettes or other tobacco products in this state without charge[\cdot];
388	(ii) except as provided in Subsection (2)(b), sell, offer for sale, or furnish any cigarettes
389	or other tobacco products at less than the cost of the product to the manufacturer, wholesaler,
390	or retailer; or
391	(iii) give, distribute, sell, offer for sale, or furnish any cigarettes or other tobacco
392	products for free or at a lower price because the purchaser makes another purchase.
393	(b) The price that a manufacturer, wholesaler, or retailer may charge under Subsection
394	(2)(a)(ii) does not include a discount for:
395	(i) a manufacturer coupon:

396	(A) that is surrendered to the tobacco retailer at the time of sale; and
397	(B) for which the manufacturer will reimburse the wholesaler or retailer for the full
398	amount of the discount described in the manufacturer coupon and provided to the purchaser;
399	(ii) a rebate that will be paid to the manufacturer, wholesaler, or retailer for the full
400	amount of the rebate provided to the purchaser; or
401	(iii) a promotional fund that will be paid to the manufacturer, wholesaler, or retailer for
402	the full amount of the promotional fund provided to the purchaser.
403	(2) Any person who violates this [subsection] section is guilty of a class C
404	misdemeanor for the first offense and a class B misdemeanor for any subsequent offense.
405	[(2)] (3) Cigarettes and other tobacco products may be distributed to adults without
406	charge at professional conventions where the general public is excluded.
407	[(3) The prohibition described in Subsection (1) does not apply to retailers,
408	manufacturers, or distributors who give cigarettes or other tobacco products to persons of legal
409	age upon their purchase of cigarettes or other tobacco products.]
410	Section 7. Coordinating H.B. 118 with S.B. 37 Technical amendments.
411	If this H.B. 118 and S.B. 37, Electronic Cigarette and Other Nicotine Product
412	Amendments, both pass and become law, it is the intent of the Legislature that the Office of
413	Legislative Research and General Counsel shall prepare the Utah Code database for publication
414	by amending:
415	(1) Subsection $10-8-41.6(1)(c)$ to read:
416	"(c) "Electronic cigarette product" means the same as that term is defined in Section
417	<u>76-10-101."; and</u>
418	(2) Subsection $17-50-333(1)(c)$ to read:
419	"(c) "Electronic cigarette product" means the same as that term is defined in Section
420	<u>76-10-101."</u>