General Assembly

Senate

File No. 663

February Session, 2022

Substitute Senate Bill No. 367

Senate, April 27, 2022

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE SALE OF ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS AND INCREASING PENALTIES FOR UNDERAGE SALES OF SUCH SYSTEMS AND PRODUCTS, CIGARETTES AND TOBACCO PRODUCTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. Subsection (a) of section 21a-415 of the general statutes is
- 2 repealed and the following is substituted in lieu thereof (*Effective January*
- 3 1, 2023):
- 4 (a) As used in this chapter and section [53-344] 2 of this act:
- 5 (1) "Authorized owner" means the owner or authorized designee of a
- 6 business entity that is applying for a registration or is registered with
- 7 the Department of Consumer Protection pursuant to this chapter;
- 8 (2) "Business entity" means any corporation, limited liability
- 9 company, association, partnership, sole proprietorship, government,
- 10 governmental subdivision or agency, business trust, estate, trust or any

11 other legal entity;

- 12 (3) "Dealer registration" means an electronic nicotine delivery system 13 certificate of dealer registration issued by the Commissioner of 14 Consumer Protection pursuant to this section;
 - (4) "Manufacturer registration" means an electronic nicotine delivery system certificate of manufacturer registration issued by the Commissioner of Consumer Protection pursuant to section 21a-415a to any person who mixes, compounds, repackages or resizes any nicotine-containing electronic nicotine delivery system or vapor product;
 - (5) "Electronic cigarette liquid" means a liquid, including, but not limited to, a concentrated plant extract or oil containing natural or synthetic ingredients, that, when used in an electronic nicotine delivery system or vapor product, produces a vapor that may or may not include nicotine and [is] <u>may be</u> inhaled by the user of such electronic nicotine delivery system or vapor product;
 - (6) "Electronic nicotine delivery system" means an electronic device used in the delivery of nicotine or other substances to a person inhaling from the device, and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe or electronic hookah and any related device and any cartridge or other component of such device, including, but not limited to, electronic cigarette liquid;
 - (7) "Vapor product" means any product that employs a heating element, power source, electronic circuit or other electronic, chemical or mechanical means, regardless of shape or size, to produce a vapor that may include nicotine and is inhaled by the user of such product. "Vapor product" does not include a medicinal or therapeutic product that is (A) used by a licensed health care provider to treat a patient in a health care setting, (B) used by a patient, as prescribed or directed by a licensed health care provider in any setting, or (C) any drug or device, as defined in the federal Food, Drug and Cosmetic Act, 21 USC 321, as amended from time to time, any combination product, as described in said act, 21

43 USC 353(g), as amended from time to time, or any biological product, as

- described in 42 USC 262, as amended from time to time, and 21 CFR
- 45 600.3, as amended from time to time, authorized for sale by the United
- 46 States Food and Drug Administration;
- 47 (8) "Sale" or "sell" means an act done intentionally by any person,
- 48 whether done as principal, proprietor, agent, servant or employee, of
- 49 transferring, or offering or attempting to transfer, for consideration,
- 50 including bartering or exchanging, or offering to barter or exchange;
- 51 [and]
- 52 (9) "Deliver" or "delivering" means an act done intentionally by any
- 53 person, whether as principal, proprietor, agent, servant or employee, of
- 54 transferring, or offering or attempting to transfer, physical possession
- or control of an electronic nicotine delivery system or vapor product;
- 56 <u>and</u>
- 57 (10) "Adult-only tobacco retail store" means a retail establishment, as
- 58 defined in section 19a-106a, that holds a dealer registration and
- 59 prohibits persons under the age of twenty-one from entering such
- 60 establishment.
- 61 Sec. 2. (NEW) (Effective January 1, 2023) For the period commencing
- 62 January 1, 2023, to June 30, 2026, inclusive, no business entity other than
- an adult-only tobacco retail store or a principal, a proprietor, an agent,
- a servant or an employee of such tobacco retail store shall sell, give,
- deliver or possess with intent to sell in this state any electronic nicotine
- 66 delivery system or vapor product.
- 67 Sec. 3. Section 21a-415b of the general statutes is repealed and the
- 68 following is substituted in lieu thereof (*Effective January 1, 2023*):
- 69 (a) Each business entity with a dealer registration shall place and
- 70 maintain in legible condition at each point of sale of electronic nicotine
- 71 delivery systems or vapor products a notice to consumers that states (1)
- 72 the sale, giving or delivering of electronic nicotine delivery systems and
- 73 vapor products to any person under twenty-one years of age is

prohibited by section 53-344b, <u>as amended by this act</u>, (2) the use of false identification by a person under twenty-one years of age to purchase an electronic nicotine delivery system or a vapor product is prohibited, and (3) the penalties and fines for violating the provisions of this section and section 53-344b, as amended by this act.

- (b) The Commissioner of Mental Health and Addiction Services, or the commissioner's designee, shall conduct unannounced compliance checks on business entities [holding] with a dealer registration by engaging persons between the ages of sixteen and twenty to enter the place of business of each such business entity to attempt to purchase an electronic nicotine delivery system or a vapor product. The commissioner shall conduct unannounced follow-up compliance checks of all noncompliant business entities and shall refer all noncompliant business entities to the Commissioner of Revenue Services.
- (c) Upon receipt of a referral made pursuant to subsection (b) of this section, the Commissioner of Revenue Services may, following a hearing, impose a civil penalty and direct the Commissioner of Consumer Protection to suspend or revoke the dealer registration of the business entity that is the subject of such referral. The Commissioner of Revenue Services shall provide such business entity with written notice of the hearing, specifying the time and place of such hearing and requiring such business entity to show cause why such dealer registration should not be suspended or revoked. The written notice of the hearing shall be mailed or delivered to such business entity not less than ten days preceding the date of the hearing. Such notice may be served personally or by registered or certified mail.
- (d) If the Commissioner of Revenue Services finds, after a hearing pursuant to subsection (c) of this section, that any person employed by any business entity issued a dealer registration under section 21a-415, as amended by this act, has sold, given or delivered an electronic nicotine delivery system or vapor product to a person under twenty-one years of age, other than a person under twenty-one years of age who is delivering or accepting delivery in such person's capacity as an

107 employee, said commissioner shall, for the first violation, require such 108 employee to successfully complete an online prevention education 109 program administered by the Department of Mental Health and Addiction Services not later than thirty days after said commissioner's 110 111 finding. [Said commissioner] The Commissioner of Revenue Services 112 shall assess any employee who fails to complete such program a civil 113 penalty of [two] four hundred dollars. Said commissioner shall assess 114 any employee a civil penalty of [two hundred fifty] five hundred dollars 115 for a second or subsequent violation on or before twenty-four months 116 after the date of the first violation.

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- (e) (1) If the Commissioner of Revenue Services finds, after a hearing pursuant to subsection (c) of this section, that [(1)] (A) any business entity issued a dealer registration under section 21a-415, as amended by this act, has sold, given or delivered an electronic nicotine delivery system or vapor product to a person under twenty-one years of age, other than a person under twenty-one years of age who is delivering or accepting delivery in such person's capacity as an employee, or [(2)] (B) such person's employee has sold, given or delivered an electronic nicotine delivery system or vapor product to a person under twenty-one years of age, the commissioner shall, for the first violation, require the authorized owner of such business entity to successfully complete an online prevention education program administered by the Department of Mental Health and Addiction Services not later than thirty days after said commissioner's finding. [Said commissioner] The Commissioner of Revenue Services shall assess any business entity issued a dealer registration, whose authorized owner fails to complete such program, a civil penalty of [three] six hundred dollars for the first violation. [Said commissioner]
- (2) The Commissioner of Revenue Services shall assess such business entity a civil penalty of [seven hundred fifty] one thousand five hundred dollars for a second violation on or before twenty-four months after the date of the first violation.
- 139 (3) For a third violation by such business entity on or before twenty-

four months after the date of the first violation, [said commissioner] the
Commissioner of Revenue Services shall assess such business entity a
civil penalty of [one] two thousand dollars and notify the Commissioner
of Consumer Protection that the dealer registration held by such
business entity under this chapter shall be suspended for not less than
thirty days.

- (4) For a fourth violation on or before twenty-four months after the date of the first violation, the Commissioner of Revenue Services shall assess such business entity a civil penalty of [one] two thousand dollars and notify the Commissioner of Consumer Protection that the dealer registration held by such business entity under [said] this chapter shall be revoked. The Commissioner of Revenue Services shall order such business entity to conspicuously post a notice in a public place stating that electronic nicotine delivery systems and vapor products cannot be sold during the period of suspension or revocation and the reasons for such suspension or revocation. Any sale of an electronic nicotine delivery system or vapor product by such business entity during the period of such suspension or revocation shall be deemed an additional violation of this section.
- (f) Upon receipt of notice of determination from the Commissioner of Revenue Services made under subsection (e) of this section, the Commissioner of Consumer Protection shall suspend or revoke the dealer registration of the business entity that is the subject of said determination. The Commissioner of Consumer Protection shall not be required to hold a hearing in connection with any notice of determination received from the Commissioner of Revenue Services under this section.
- (g) The Commissioner of Consumer Protection shall not issue a new dealer registration to a former registrant whose dealer registration was revoked unless the commissioner is satisfied that such business entity that holds a dealer registration will comply with the provisions of this chapter and any regulations related thereto, and section 53-344b, as amended by this act.

173 Sec. 4. Section 12-295a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2023*):

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- (a) If the Commissioner of Revenue Services finds, after a hearing, that any person employed by a dealer or distributor, as defined in section 12-285, has sold, given or delivered cigarettes or tobacco products to a person under twenty-one years of age other than a person under twenty-one years of age who is delivering or accepting delivery in such person's capacity as an employee, said commissioner shall, for the first violation, require such person to successfully complete an online tobacco prevention education program administered by the Department of Mental Health and Addiction Services not later than thirty days after said commissioner's finding. [Said commissioner] The Commissioner of **Revenue Services** shall assess any person who fails to complete such program a civil penalty of [two] four hundred dollars. Said commissioner shall assess any person employed by a dealer or distributor a civil penalty of [two hundred fifty] five hundred dollars for a second or subsequent violation on or before twenty-four months after the date of the first violation.
- (b) (1) If the Commissioner of Revenue Services finds, after a hearing, that any dealer or distributor has sold, given or delivered cigarettes or a tobacco product to a person under twenty-one years of age other than a person under twenty-one years of age who is delivering or accepting delivery in such person's capacity as an employee, or such dealer or distributor's employee has sold, given or delivered cigarettes or a tobacco product to such person, said commissioner shall require such dealer or distributor, for the first violation, to successfully complete an online tobacco prevention education program administered by the Department of Mental Health and Addiction Services not later than thirty days after said commissioner's finding. [Said commissioner] The Commissioner of Revenue Services shall assess any dealer or distributor who fails to complete such program a civil penalty of [three] six hundred dollars. [Said commissioner]
 - (2) The Commissioner of Revenue Services shall assess [any] such

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dealer or distributor a civil penalty of [seven hundred fifty] <u>one</u> thousand five hundred dollars for a second violation on or before twenty-four months after the date of the first violation.

- (3) For a third violation on or before twenty-four months after the date of the first violation, [said commissioner] the Commissioner of Revenue Services shall assess such dealer or distributor a civil penalty of [one] two thousand dollars and suspend any license held by such dealer or distributor under this chapter for not less than thirty days.
- (4) For a fourth violation on or before twenty-four months after the date of the first violation, [said commissioner] the Commissioner of Revenue Services shall assess such dealer or distributor a civil penalty of [one] two thousand dollars and revoke any license issued to such dealer or distributor under this chapter. Said commissioner shall order such distributor or dealer to conspicuously post a notice in a public place within such distributor's or dealer's establishment stating that cigarettes and tobacco products cannot be sold during the period of such suspension or revocation and the reasons for such suspension or revocation. Any sale of cigarettes or a tobacco product by such dealer or distributor during such suspension or revocation shall be deemed an additional violation of this subsection.
- (c) (1) If the Commissioner of Revenue Services finds, after a hearing, that any owner of an establishment in which a cigarette vending machine or restricted cigarette vending machine is located has sold, given or delivered cigarettes or tobacco products from any such machine to a person under twenty-one years of age other than a person under twenty-one years of age who is delivering or accepting delivery in such person's capacity as an employee, or has allowed cigarettes or tobacco products to be sold, given or delivered to such person from any such machine, said commissioner shall require such owner, for the first violation, to successfully complete an online tobacco prevention education program administered by the Department of Mental Health and Addiction Services not later than thirty days after said commissioner's finding. [Said commissioner] The Commissioner of

239 <u>Revenue Services</u> shall assess any owner who fails to complete such

- 240 program a civil penalty of [five hundred] one thousand dollars. [Said
- 241 commissioner]
- 242 (2) The Commissioner of Revenue Services shall assess [any] such
- owner a civil penalty of [seven hundred fifty] one thousand five
- 244 <u>hundred</u> dollars for a second violation on or before twenty-four months
- 245 after the date of the first violation.
- 246 (3) For a third violation on or before twenty-four months after the
- 247 date of the first violation, [said commissioner] the Commissioner of
- 248 Revenue Services shall assess such owner a civil penalty of [one] two
- thousand dollars and immediately remove any such machine from such
- 250 establishment and no such machine may be placed in such
- establishment for a period of one year following such removal.
- 252 (d) Any person aggrieved by any action of the [commissioner]
- 253 Commissioner of Revenue Services pursuant to this section may take
- any appeal of such action as provided in sections 12-311 and 12-312.
- Sec. 5. Subsection (b) of section 53-344 of the general statutes is
- repealed and the following is substituted in lieu thereof (*Effective January*
- 257 1, 2023):
- (b) Any person who sells, gives or delivers to any person under
- 259 twenty-one years of age cigarettes or a tobacco product shall be fined
- 260 not more than [three] six hundred dollars for the first offense, not more
- 261 than [seven hundred fifty] one thousand five hundred dollars for a
- second offense on or before twenty-four months after the date of the first
- 263 offense and not more than [one] two thousand dollars for each
- subsequent offense on or before twenty-four months after the date of the
- 265 first offense. The provisions of this subsection shall not apply to a person
- 266 under twenty-one years of age who is delivering or accepting delivery
- of cigarettes or a tobacco product (1) in such person's capacity as an
- 268 employee, or (2) as part of a scientific study being conducted by an
- organization for the purpose of medical research to further efforts in
- 270 cigarette and tobacco product use prevention and cessation, provided

such medical research has been approved by the organization's institutional review board, as defined in section 21a-408.

Sec. 6. Subsection (b) of section 53-344b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January* 1, 2023):

(b) Any person who sells, gives or delivers to any person under twenty-one years of age an electronic nicotine delivery system or vapor product in any form shall be fined not more than [three] six hundred dollars for the first offense, not more than [seven hundred fifty] one thousand five hundred dollars for a second offense on or before twentyfour months after the date of the first offense and not more than [one] two thousand dollars for each subsequent offense on or before twentyfour months after the date of the first offense. The provisions of this subsection shall not apply to a person under twenty-one years of age who is delivering or accepting delivery of an electronic nicotine delivery system or vapor product (1) in such person's capacity as an employee, or (2) as part of a scientific study being conducted by an organization for the purpose of medical research to further efforts in tobacco use prevention and cessation, provided such medical research has been approved by the organization's institutional review board, as defined in section 21a-408.

This act shall take effect as follows and shall amend the following				
sections:				
Section 1	January 1, 2023	21a-415(a)		
Sec. 2	January 1, 2023	New section		
Sec. 3	January 1, 2023	21a-415b		
Sec. 4	January 1, 2023	12-295a		
Sec. 5	January 1, 2023	53-344(b)		
Sec. 6	January 1, 2023	53-344b(b)		

FIN Joint Favorable Subst.

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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Resources of the General Fund	GF - Revenue	See Below	See Below
	Impact		

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes regarding e-cigarettes resulting in the revenue impact described below.

Sections 1 and 2 prohibit the selling, delivering, or possessing of ecigarettes and vapor products by businesses other than adult-only tobacco retail stores resulting in a potential revenue loss to the state. To the extent this restriction results in fewer nicotine delivery system dealer registrations there is a potential revenue loss to the state.¹ In FY 21 there were 1,698 applications and renewals for this dealer registration.

Sections 3 to 6 result in a potential General Fund revenue gain by raising the maximum fines and penalties that may be imposed on someone who sells, gives, or delivers tobacco or vapor products to someone under the legal age. Revenue from penalties and fines levied by the Department of Revenue Services (DRS) averaged approximately \$65,000 over the past five full fiscal years (FY 17 to FY 21).

The Out Years

¹ The annual fee for a dealer registration is \$800, unless that person holds another dealer registration than the annual fee is \$400.

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of cigarette, tobacco product, e-cigarette, and vapor product sales violations found and the number of dealer applications.

OLR Bill Analysis sSB 367

AN ACT CONCERNING THE SALE OF ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS AND INCREASING PENALTIES FOR UNDERAGE SALES OF SUCH SYSTEMS AND PRODUCTS, CIGARETTES AND TOBACCO PRODUCTS.

SUMMARY

From January 1, 2023, to June 30, 2026, this bill prohibits selling, delivering, giving, or possessing with the intent to sell, e-cigarettes and vapor products by businesses other than adult-only tobacco retail stores (i.e., stores that prohibit minors under age 21 from entering) or their principals, proprietors, agents, servants, or employees.

In doing so, the bill prohibits the sale of e-cigarettes and vapor products during this period in other types of retail establishments allowed under current law (e.g., convenience stores, grocery stores, and pharmacies). (It is unclear what happens to these other retail establishments' (1) existing inventory and (2) initial and renewal dealer registration fees paid prior to the ban.)

Additionally, the bill increases the penalties for (1) sales and transfers of cigarettes, tobacco products, e-cigarettes, and vapor products to individuals under age 21 and (2) owners of establishments with cigarette vending machines and restricted cigarette vending machines for sales to individuals under the legal age.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: January 1, 2023

§ 1 — DEFINITIONS

The bill defines an "adult-only tobacco retail store" as a retail establishment that (1) has an e-cigarette and vapor product dealer

registration and (2) prohibits minors under age 21 from entering the establishment.

The bill also modifies the statutory definition of e-cigarette liquid to specify that the liquid (1) may include a concentrated plant extract or oil containing natural or synthetic ingredients and (2) when used in an e-cigarette or vapor product, produces a vapor that may or may not be inhaled by the user.

§§ 3-6 — PENALTIES FOR SALES

Maximum Fines (§§ 5 & 6)

The bill increases the maximum fines that may be imposed on someone who sells, gives, or delivers cigarettes, other tobacco products, e-cigarettes, or vapor products to someone under the legal age as follows:

- 1. for a first offense, from \$300 to \$600;
- 2. for a second offense, from \$750 to \$1,500; and
- 3. for each subsequent offense, from \$1,000 to \$2,000.

As under current law, the fines for second and subsequent offenses apply to those that occur within 24 months after the first offense.

Under existing law and the bill, these penalties do not apply if the person under the legal age is delivering or accepting delivery of the product (1) in his or her capacity as an employee or (2) as part of a scientific study for medical research that meets specified criteria.

DCP and DRS Penalties (§§ 3 & 4)

Existing law allows the Department of Revenue Services (DRS) commissioner, after a hearing, to impose civil penalties on e-cigarette dealers, cigarette dealers and distributors, or their employees for sales and transfers ("sales") to individuals under age 21. The bill increases these penalties as shown in the table below.

Table 1: Civil Penalties for Underage Sales

Penalties on Cigarette Dealers and Distributors and E-Cigarette Dealers				
	Current Law	Under the Bill		
1st violation	\$300, if they fail to complete an online prevention education program within 30 days	\$600, if they fail to complete an online prevention education program within 30 days		
2 nd violation	\$750	\$1,500		
3 rd violation	\$1,000, plus minimum 30-day license suspension	\$2,000, plus minimum 30-day license suspension		
4th violation	\$1,000, plus license revocation	\$2,000, plus license revocation		
Penalties on Their Employees				
	Current Law	Under the Bill		
1 st violation	\$200, if the employee fails to complete an online prevention education program within 30 days	\$400, if the employee fails to complete an online prevention education program within 30 days		
2 nd or subsequent violation	\$250	\$500		

As under current law, the above fines for second and subsequent violations may be imposed for violations that occur within 24 months after the first violation.

By law, the DRS commissioner may only impose the above fines on e-cigarette dealers if they are referred to him by the Department of Mental Health and Addiction Services commissioner after completing unannounced follow-up compliance checks required under existing law. For third and fourth violations, the DRS commissioner must direct the Department of Consumer Protection (DCP) commissioner to suspend or revoke the e-cigarette dealer's registration. For a fourth violation, the dealer must also post a notice in a public place stating that e-cigarettes and vapor products cannot be sold during the suspension and revocation period and the reasons for the suspension or revocation.

Under the bill, any dealer sales that occur during this period are considered an additional violation.

Before taking such action, existing law requires the DRS commissioner to (1) notify the e-cigarette dealer in writing about the hearing time and location and (2) require the dealer to show cause why the registration should not be suspended or revoked. The notice must be delivered personally, or by registered or certified mail, at least 10 days before the hearing date. When the DRS commissioner directs the DCP commissioner to suspend or revoke the dealer's registration, the DCP commissioner is not required to hold an additional hearing before doing so.

§ 4 — VENDING MACHINE SALES

Current law allows the DRS commissioner, after a hearing, to impose penalties on owners of establishments with cigarette vending machines and restricted cigarette vending machines (see BACKGROUND) for sales to individuals under the legal age. The bill increases these penalties as follows:

- 1. for a 1st violation, if the owner fails to successfully complete an online tobacco education program within 30 days, from \$500 to \$1,000;
- 2. for a 2^{nd} violation, from \$750 to \$1,500; and
- 3. for a 3rd violation, from \$1,000 to \$2,000.

As under current law, the commissioner may impose fines for 2nd and 3rd violations that occur within 24 months after the first violation.

Existing law, unchanged by the bill, requires an establishment owner who commits a third violation to immediately remove the vending machine from the establishment and prohibits any vending machine at the establishment for one year after the removal.

BACKGROUND

Cigarette Vending Machines

Existing law distinguishes between two types of machines that it authorizes to dispense cigarettes. One is the traditional coin-operated vending machine. The other is the "restricted cigarette vending machine," which (1) automatically deactivates and cannot be operated after each sale and (2) requires a face-to-face interaction or display of identification between the purchaser and employee of the business where the machine is located (CGS § 12-285).

Legislative History

The Senate referred the bill (File 316) to the Finance, Revenue and Bonding Committee, which reported a substitute that eliminates the provisions banning the sale of e-cigarettes and vapor products with a nicotine content greater than 35 milligrams per milliliter or flavor other than tobacco.

COMMITTEE ACTION

Public Health Committee

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Joint Favorable
Yea 20 Nay 11 (03/23/2022)
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Finance, Revenue and Bonding Committee

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Joint Favorable Substitute
Yea 33 Nay 15 (04/22/2022)
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