## HB3314 FULLPCS1 Cynthia Roe-KN 2/17/2022 1:20:48 pm

## COMMITTEE AMENDMENT

HOUSE OF REPRESENTATIVES
State of Oklahoma

S	SPEAK	ŒR:								
C	CHAIR	\ <b>:</b>								
I move	e to	amend	НВ3314					)f +h	o prin	ted Bill
Page _			Sec	tion	·	Lines	3			
							Of	the	Engros	sed Bill
			Title, eu there				ntire b	ill,	and b	У
AMEND T	TTLE	TO CON	FORM TO AN	ENDMENTS						
Adopted	d:				 Amendm	ent sı	ubmitted	by:	Cynthia ———	Roe

Reading Clerk

## STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

PROPOSED COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 3314

By: Roe

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

24

1

2

3

4

5

## PROPOSED COMMITTEE SUBSTITUTE

An Act relating to tobacco; amending 10A O.S. 2021, Section 2-8-224, which relates to the purchase, receipt, or possession of tobacco or vapor products by those under twenty-one years of age; amending penalties; removing restrictions on local ordinances; amending 63 O.S. 2021, Section 1.229.12, which relates to the Prevention of Youth Access to Tobacco Act; defining terms; amending 63 O.S. 2021, Section 1-229.13, which relates to furnishing tobacco or vapor products to persons under twenty-one years of age; updating age reference; modifying penalties; amending 63 O.S. 2021, Section 1-229.15, which relates to signage; updating reference; amending 63 O.S. 2021, Section 1-229.16, which relates to notice to retail employees; updating age references; requiring tobacco retail employees to review certain training; amending 63 O.S. 2021, Section 1-229.18, which relates to distribution of tobacco or vapor products and samples; updating terminology; modifying penalties; removing preemption; amending 63 O.S. 2021, Section 1-229.21, which relates to display or sale of tobacco or vapor products; updating terminology; modifying penalties; removing preemption; amending 63 O.S. 2021, Section 1-229.22, which relates to enforcement by the ABLE Commission; requiring certain compliance checks; amending 63 O.S. 2021, Section 1-229.26, which relates to the transfer of certain tobacco or vapor products to persons under twenty-one years of age; updating terminology; amending 68 O.S. 2021, Section 304, which relates to licenses and fees; increasing certain fees and penalties; modifying duration of license; providing for deposit of revenue; creating the Youth Access to

1 Tobacco Compliance Revolving Fund; providing for deposit, appropriation, budgeting and expenditure of certain monies; amending 68 O.S. 2021, Section 401, which relates to definitions; defining terms; amending 68 O.S. 2021, Section 415, which relates to licenses; increasing certain fees and penalties; modifying duration of license; requiring deposit of certain monies in the Youth Access to Tobacco Compliance Revolving Fund; providing for codification; and providing an effective date.

6

2

3

4

5

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 10A O.S. 2021, Section 2-8-224, is amended to read as follows:

Section 2-8-224. A. It is unlawful for a person who is under twenty-one (21) years of age to purchase, receive, or have in his or her possession a tobacco product, nicotine product or vapor product, or to present or offer to any person any purported proof of age which is false or fraudulent, for the purpose of purchasing or receiving any tobacco product, nicotine product or vapor product. It shall not be unlawful for an employee under twenty-one (21) years of age to handle tobacco products, nicotine products or vapor products when required in the performance of the employee's duties.

When a person violates subsection A of this section, the В. Alcoholic Beverage Laws Enforcement (ABLE) Commission shall impose an administrative fine require the violator to select one of the following penalties:

24

1. Not to exceed One Hundred Dollars (\$100.00) for a first offense; and

1.3

2. Not to exceed Two Hundred Dollars (\$200.00) for a second or subsequent offense within a one-year period following the first offense.

Upon failure of the individual to pay the administrative fine within ninety (90) days of the day of the fine, the ABLE Commission shall notify the Department of Public Safety, and the Department shall suspend or not issue a driver license to the individual until proof of payment has been furnished to the Department of Public Safety.

- 1. A minimum of ten (10) hours of community service; or
- 2. Completion of an education or tobacco use cessation program approved by the State Department of Health.
- C. The ABLE Commission shall establish rules to provide for notification to a parent or guardian of any minor cited for a violation of this section.
- D. Cities and towns may enact and municipal police officers may enforce ordinances prohibiting and penalizing conduct under provisions of this section, but the provisions of such ordinances shall be the same as provided for in this section, and the enforcement provisions under such ordinances shall not be more stringent than those of this section.

E. For the purposes of this section, the term "vapor products" shall have the same meaning as provided in the Prevention of Youth Access to Tobacco Act.

1.3

4 SECTION 2. AMENDATORY 63 O.S. 2021, Section 1-229.12, is 5 amended to read as follows:

Section 1-229.12 As used in the Prevention of Youth Access to Tobacco Act:

- 1. "Nicotine product" means any product that contains nicotine extracted or isolated from plants, vegetables, fruit, herbs, weeds, genetically modified organic matter, or that is synthetic in origin and is intended for human consumption; provided, however, this term shall not include products approved by the United States Food and Drug Administration for smoking cessation;
- 2. "Person" means any individual, firm, fiduciary, partnership, corporation, trust, or association, however formed;
- 3. "Proof of age" means a driver license, license for identification only, or other generally accepted means of identification that describes the individual as twenty-one (21) years of age or older and contains a photograph or other likeness of the individual and appears on its face to be valid;
- 4. "Sample" means a tobacco product, nicotine product or vapor product distributed to members of the public at no cost for the purpose of promoting the product;

5. "Sampling" means the distribution of samples to members of the public in a public place;

- 6. "Tobacco product" means any product that contains tobacco and containing, made of, or derived from tobacco or nicotine that is intended for human consumption or is likely to be consumed, whether inhaled, absorbed, or ingested by any other means, including, but not limited to, cigarettes, cigars, pipe tobacco, chewing tobacco, snuff or snus. Tobacco product also means any vapor product, any substance that may be aerosolized or vaporized by a device, whether or not the substance contains nicotine, and any component, part or accessory to such a product or device, including, but not limited to, filters, rolling papers, blunt or hemp wraps, and pipes.

  Tobacco product shall not mean drugs, devices or combination products authorized for sale by the United States Food and Drug Administration;
- 7. "Tobacco retail establishment" means any place of business where tobacco products are available for sale to the general public, including, but not limited to, grocery stores, tobacco product shops, kiosks, convenience stores, gasoline service stations, bars and restaurants;
- 8. "Tobacco retailer" means any person, partnership, joint venture, society, club, trustee, trust, association, organization or corporation that owns, operates or manages any tobacco retail

employees of any tobacco retail establishment;

7. 9. "Transaction scan" means the process by which a seller checks, by means of a transaction scan device, the validity of a driver license or other government-issued photo identification;

8. 10. "Transaction scan device" means any commercial device or combination of devices used at a point of sale or entry that is capable of deciphering in an electronically readable format the information encoded on the magnetic strip or bar code of a driver license or other government-issued photo identification; and

9. 11. "Vapor product" shall mean means any noncombustible products product, that may or may not contain nicotine, that employ employs a mechanical heating element, battery, electronic circuit, or other mechanism, regardless of shape or size, that can be used to produce a vapor or aerosol in a solution or other form. "Vapor products" product shall include any vapor cartridge or other container with or without nicotine or other form of tobacco that is intended to be used with an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of a solution, that may or may not contain nicotine, that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo or electronic device. "Vapor products" do product does not include any

products regulated by the United States Food and Drug Administration under Chapter V of the Food, Drug, and Cosmetic Act.

1.3

SECTION 3. AMENDATORY 63 O.S. 2021, Section 1-229.13, is amended to read as follows:

Section 1-229.13 A. It is unlawful for any person or tobacco retailer to sell, give or furnish in any manner any tobacco product, nicotine product or vapor product to another person who is under twenty-one (21) years of age, or to purchase in any manner a tobacco product, nicotine product or vapor product on behalf of any such person. It shall not be unlawful for an employee under twenty-one (21) years of age to handle tobacco products, nicotine products or vapor products when required in the performance of the employee's duties.

B. A person or tobacco retailer engaged in the sale or distribution of tobacco products, nicotine products or vapor products shall demand proof of age from a prospective purchaser or recipient if an ordinary person would conclude on the basis of appearance that the prospective purchaser may be under twenty-one (21) thirty (30) years of age.

If an individual a person or tobacco retailer engaged in the sale or distribution of tobacco products, nicotine products or vapor products has demanded proof of age from a prospective purchaser or recipient who is not under twenty-one (21) years of age, the failure

to subsequently require proof of age shall not constitute a violation of this subsection.

1.3

2.1

- C. 1. When a person tobacco retailer violates subsection A or B of this section, the Alcoholic Beverage Laws Enforcement (ABLE)

  Commission shall impose an administrative fine of:
  - a. not more <u>less</u> than <del>One Hundred Dollars (\$100.00)</del> <u>Five</u>

    Hundred Dollars (\$500.00) for the first offense,
  - b. not more less than Two Hundred Dollars (\$200.00) Seven

    Hundred Fifty Dollars (\$750.00) for the second offense

    within a two-year three-year period following the

    first offense. In addition to the fine imposed by

    this subparagraph, the tobacco retail establishment's

    tobacco retail license shall be suspended for a period

    of not less than seven (7) days,
  - Thousand Dollars (\$1,000.00) for a third offense within a two-year three-year period following the first offense. In addition to any other penalty the fine imposed by this subparagraph, the store's license to sell tobacco products or nicotine products or the store's sales tax permit for a store that is predominantly engaged in the sale of vapor products in which the sale of other products is merely incidental may be suspended for a period not exceeding thirty

(30) days tobacco retail establishment's tobacco
retail license shall be revoked for a period of one
(1) year, or

- d. not more than Three Hundred Dollars (\$300.00) for a fourth or subsequent offense within a two-year period following the first offense. In addition to any other penalty, the store's license to sell tobacco products or nicotine products or the store's sales tax permit for a store that is predominantly engaged in the sale of vapor products in which the sale of other products is merely incidental may be suspended for a period not exceeding sixty (60) days.
- 2. When it has been determined that a penalty shall include a license or permit suspension, the ABLE Commission shall notify the Oklahoma Tax Commission, and the Oklahoma Tax Commission shall suspend the store's tobacco retail establishment's license to sell tobacco products or nicotine products or the store's sales tax permit for a store that is predominantly engaged in the sale of vapor products in which the sale of other products is merely incidental at the location where the offense occurred for the period of time prescribed by the ABLE Commission.
- 3. Proof that the defendant demanded, was shown, and reasonably relied upon proof of age shall be a defense to any action brought pursuant to this section. A person cited for violating this section

shall be deemed to have reasonably relied upon proof of age, and such person tobacco retailer shall not be found guilty of the violation if such person proves that:

1.3

- a. the individual who purchased or received the tobacco product, nicotine product or vapor product presented a driver license or other government-issued photo identification purporting to establish that such individual was twenty-one (21) years of age or older, or
- b. the person tobacco retailer cited for the violation confirmed the validity of the driver license or other government-issued photo identification presented by such individual by performing a transaction scan by means of a transaction scan device.

Provided, that this defense shall not relieve from liability any person tobacco retailer cited for a violation of this section if the person tobacco retailer failed to exercise reasonable diligence to determine whether the physical description and picture appearing on the driver license or other government-issued photo identification was that of the individual who presented it. The availability of the defense described in this subsection does not affect the availability of any other defense under any other provision of law.

D. If the sale is made by an employee of the owner of a store at which tobacco products, nicotine products or vapor products are

sold at retail, the employee shall be quilty of the violation and shall be subject to the fine. Each violation by any employee of an owner of a store licensed to sell tobacco products or nicotine products or permitted to sell vapor products shall be deemed a violation against the owner for purposes of a license suspension pursuant to subsection C of this section. Each violation by an employee of a store predominantly engaged in the sale of vapor products in which the sale of other products is merely incidental shall be deemed a violation against the owner for purposes of a sales tax permit suspension pursuant to the provisions of subsection C of this section. An owner of a store tobacco retail establishment licensed to sell tobacco products or nicotine products or permitted to sell vapor products shall not be deemed in violation of the provisions of the Prevention of Youth Access to Tobacco Act for any acts constituting a violation by any person, when the violation occurs prior to actual employment of the person by the storeowner tobacco retailer or the violation occurs at a location other than the owner's retail store tobacco retailer's establishment. purposes of determining the liability of a person controlling franchises or business operations in multiple locations, for any violations of subsection A or B of this section, each individual franchise or business location shall be deemed a separate entity. E. On or before December 15, 1997, the ABLE Commission shall

1

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Req. No. 10527 Page 11

adopt rules establishing a method of notification of storeowners

tobacco retailers when an employee of such storeowner tobacco

retailer has been determined to be in violation of this section by

the ABLE Commission or convicted of a violation by a municipality.

- F. 1. Upon failure of the employee to pay the administrative fine within ninety (90) days of the day of the assessment of such fine, the ABLE Commission shall notify the Department of Public Safety, and the Department shall suspend or not issue a driver license to the employee until proof of payment has been furnished to the Department of Public Safety.
- 2. Upon failure of a storeowner tobacco retailer to pay the administrative fine within ninety (90) days of the assessment of the fine, the ABLE Commission shall notify the Oklahoma Tax Commission, and the Oklahoma Tax Commission shall suspend the store's tobacco retail establishment's license to sell tobacco products or nicotine products or the store's sales tax permit for a store that is predominantly engaged in the sale of vapor products in which the sale of other products is merely incidental until proof of payment has been furnished to the Oklahoma Tax Commission.
- G. Cities and towns may enact and municipal police officers may enforce ordinances prohibiting and penalizing conduct under provisions of this section, but the provisions of municipal ordinances shall be the same as provided for in this section, and the penalty provisions under such ordinances shall not be more stringent than those of this section.

```
H. County sheriffs may enforce the provisions of the Prevention of Youth Access to Tobacco Act.
```

- SECTION 4. AMENDATORY 63 O.S. 2021, Section 1-229.15, is amended to read as follows:
- Section 1-229.15 A. Every person tobacco retailer who sells or displays tobacco products, nicotine products or vapor products at retail shall post conspicuously and keep so posted at the place of business a sign, as specified by the Alcoholic Beverage Laws

  Enforcement (ABLE) Commission, stating the following: "IT'S THE LAW.

  WE DO NOT SELL TOBACCO PRODUCTS, NICOTINE PRODUCTS OR VAPOR PRODUCTS

  TO PERSONS UNDER 21 YEARS OF AGE." The sign shall also provide the toll-free number operated by the Alcoholic Beverage Laws Enforcement (ABLE) ABLE Commission for the purpose of reporting violations of the Prevention of Youth Access to Tobacco Act.
- B. When a person tobacco retailer violates subsection A of this section, the Alcoholic Beverage Laws Enforcement (ABLE) ABLE

  Commission shall impose an administrative fine of not more than

  Fifty Dollars (\$50.00) for each day a violation occurs. Each day a violation is continuing shall constitute a separate offense. The notice required by subsection A of this section shall be the only notice required to be posted or maintained in any store that sells tobacco products, nicotine products or vapor products at retail.

SECTION 5. AMENDATORY 63 O.S. 2021, Section 1-229.16, is amended to read as follows:

Section 1-229.16 A. Every person engaged in the business of selling tobacco products, nicotine products or vapor products at retail tobacco retailer shall require each individual employed by that tobacco retailer as a retail sales clerk to review the Alcoholic Beverage Law Enforcement Commission's approved tobacco retailer training and shall notify each individual employed by that person tobacco retailer as a retail sales clerk that state law:

- 1. Prohibits the sale or distribution of tobacco products, nicotine products or vapor products to any person under twenty-one (21) years of age and the purchase or receipt of tobacco products, nicotine products or vapor products by any person under twenty-one (21) years of age; and
- 2. Requires that proof of age be demanded from a prospective purchaser or recipient if an ordinary person would conclude on the basis of appearance that the prospective purchaser or recipient may be under twenty-one (21) thirty (30) years of age.
- В. This notice shall be provided before the individual commences work as a retail sales clerk. The individual shall signify that he or she has received the notice required by this section by signing a form stating as follows: "I understand that state law prohibits the sale or distribution of tobacco products, nicotine products or vapor products to persons under twenty-one (21) years of age and out-of-package sales, and requires proof of age of purchaser or recipient if an ordinary

person would conclude on the basis of appearance that the
prospective purchaser or recipient may be under twenty-one (21)

thirty (30) years of age. I promise, as a condition of my
employment, to obey the law. I understand that violations by me may
be punishable by fines, suspension or nonissuance of my driver
license. In addition, I understand that violations by me may
subject the storeowner to fines or license or permit suspension".

SECTION 6. AMENDATORY 63 O.S. 2021, Section 1-229.18, is amended to read as follows:

Section 1-229.18 A. It shall be unlawful for any person or <a href="tobacco">tobacco</a> retailer to distribute tobacco products, nicotine products, vapor products or product samples to any person under twenty-one (21) years of age.

- B. No person tobacco retailer shall distribute tobacco products, nicotine products, vapor products or product samples in or on any public street, sidewalk, or park that is within three hundred (300) feet of any playground, school, or other facility when the facility is being used primarily by persons under twenty-one (21) years of age.
- C. When a person tobacco retailer violates any provision of subsection A or B of this section, the Alcoholic Beverage Laws Enforcement (ABLE) Commission shall impose an administrative fine of:

1. Not more <u>less</u> than <del>One Hundred Dollars (\$100.00)</del> <u>Five</u>
Hundred Dollars (\$500.00) for the first offense;

- 2. Not more less than Two Hundred Dollars (\$200.00) Seven

  Hundred Fifty Dollars (\$750.00) for the second offense within a

  three-year period following the first offense. In addition to the

  fine imposed by this paragraph, the tobacco retail establishment's

  tobacco retail license shall be suspended for not less than seven

  (7) days; and
- 3. Not more <u>less</u> than <u>Three Hundred Dollars (\$300.00)</u> One <u>Thousand Dollars (\$1,000.00)</u> for a third or <u>subsequent</u> offense within a three-year period following the first offense. In addition to the fine imposed by this paragraph, the tobacco retail establishment's tobacco retail license shall be suspended for not less than thirty (30) days; and
- 4. Not less than One Thousand Dollars (\$1,000.00) for a fourth offense within a three-year period following the first offense. In addition to the fine imposed by this paragraph, the tobacco retail establishment's tobacco retail license shall be revoked.
- D. Upon failure of any person to pay an administrative fine within ninety (90) days of the assessment of the fine, the ABLE Commission shall notify the Department of Public Safety, and the Department shall suspend or not issue a driver license to the person until proof of payment has been furnished to the Department of Public Safety.

E. Cities and towns may enact and municipal police officers may enforce ordinances prohibiting and penalizing conduct under provisions of this section, but the provisions of municipal ordinances shall be the same as provided for in this section, and the penalty provisions under such ordinances shall not be more stringent than those of this section.

SECTION 7. AMENDATORY 63 O.S. 2021, Section 1-229.21, is amended to read as follows:

Section 1-229.21 A. It is unlawful for any person or retail store tobacco retailer to display or offer for sale tobacco products, nicotine products or vapor products in any manner that allows public access to the tobacco products, or nicotine products or vapor products without assistance from the person displaying the tobacco products, nicotine products or vapor products or an employee or the owner of the store through self-service displays. The provisions of this subsection shall not apply to retail stores which do not admit into the store persons under twenty-one (21) years of age.

- B. When a person tobacco retailer violates subsection A of this section, the Alcoholic Beverage Laws Enforcement (ABLE) Commission shall impose an administrative fine of not more than Two Hundred Dollars (\$200.00) for each offense:
- 23 <u>1. Not less than Five Hundred Dollars (\$500.00) for the first</u>
  24 offense;

```
2. Not less than Seven Hundred Fifty Dollars ($750.00) for the

second offense within a three-year period following the first

offense. In addition to the fine imposed by this paragraph, the

tobacco retail establishment's tobacco retail license shall be
```

suspended for not less than seven (7) days;

- 3. Not less than One Thousand Dollars (\$1,000.00) for a third offense within a three-year period following the first offense. In addition to the fine imposed by this paragraph, the tobacco retail establishment's tobacco retail license shall be suspended for not less than thirty (30) days; or
- 4. Not less than One Thousand Dollars (\$1,000.00) for a third offense within a three-year period following the first offense. In addition to the fine imposed by this paragraph, the tobacco retail establishment's tobacco retail license shall be suspended for not less than one (1) year.
- C. Cities and towns may enact and municipal police officers may enforce ordinances prohibiting and penalizing conduct under provisions of this section, but the provisions of municipal ordinances shall be the same as provided for in this section, and the penalty provisions under such ordinances shall not be more stringent than those of this section.
- SECTION 8. AMENDATORY 63 O.S. 2021, Section 1-229.22, is amended to read as follows:

Section 1-229.22 A. The Alcoholic Beverage Laws Enforcement (ABLE) Commission is authorized and empowered to enforce the provisions of Section 1-229.11 et seq. of this title. The ABLE Commission shall enforce those provisions in a manner that can reasonably be expected to reduce the extent to which tobacco products, nicotine products or vapor products are sold or distributed to persons under twenty-one (21) years of age.

- B. The ABLE Commission may consider mitigating or aggravating circumstances involved with the violation of the Prevention of Youth Access to Tobacco Act when assessing penalties.
- C. Any conviction for a violation of a municipal ordinance authorized by the Prevention of Youth Access to Tobacco Act and any compliance checks by a municipal police officer or a county sheriff pursuant to subsection E of this section shall be reported in writing to the ABLE Commission within thirty (30) days of such conviction or compliance check. Such reports shall be compiled in the manner prescribed by the ABLE Commission.
- D. For the purpose of determining second or subsequent violations, both the offenses penalized by the ABLE Commission as administrative fines and the offenses penalized by municipalities and towns and reported to the ABLE Commission, shall be considered together in such determination.
- E. Persons under twenty-one (21) years of age may be enlisted by the ABLE Commission, a municipality or town, or a county to

assist in compliance checks and enforcement; provided, such persons may be used to test compliance only if written parental consent has been provided and the testing is conducted under the direct supervision of the ABLE Commission or conducted by another law enforcement agency if such agency has given written notice to the ABLE Commission in the manner prescribed by the ABLE Commission. Municipalities which have enacted municipal ordinances in accordance with the Prevention of Youth Access to Tobacco Act may conduct, pursuant to rules of the ABLE Commission, compliance checks without prior notification to the ABLE Commission and shall be exempt from the written notice requirement in this subsection. This subsection shall not apply to the use of persons under twenty-one (21) years of age to test compliance if the compliance test is being conducted by or on behalf of a retailer of cigarettes, as defined in Section 301 of Title 68 of the Oklahoma Statutes, at any location the retailer of cigarettes is authorized to sell cigarettes. Any other use of persons under twenty-one (21) years of age to test compliance shall be unlawful and punishable by the ABLE Commission by assessment of an administrative fine of One Hundred Dollars (\$100.00).

1

3

5

6

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

F. At the beginning of each month, the Oklahoma Tax Commission, pursuant to Section 205 of Title 68 of the Oklahoma Statutes, shall provide to the ABLE Commission and to each municipality which has ordinances concerning the Prevention of Youth Access to Tobacco Act, the location, name, and address of each licensee licensed to sell

tobacco products, nicotine products or vapor products at retail or otherwise furnish tobacco products, nicotine products or vapor products. Upon violation of an employee at a location, the ABLE Commission shall notify the storeowner tobacco retailer for that location of the latest and all previous violations when one of their employees has been determined to be in violation of the Prevention of Youth Access to Tobacco Act by the ABLE Commission or convicted of a violation by a municipality. If the ABLE Commission fails to notify the licensee of a violation by an employee, that violation shall not apply against the licensee for the purpose of determining a license suspension pursuant to Section 1-229.13 of this title. For purposes of this subsection, notification shall be deemed given if the ABLE Commission mails, by mail with delivery confirmation, the notification to the address which is on file with the Oklahoma Tax Commission of the licensee or sales tax permit holder of the location at which the violation occurred and the ABLE Commission receives delivery confirmation from the U.S. Postal Service.

1

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

G. Upon request of a storeowner tobacco retailer or a municipality which has enacted ordinances in accordance with the Prevention of Youth Access to Tobacco Act, the ABLE Commission is hereby authorized to provide information on any Prevention of Youth Access to Tobacco Act offense of any applicant for employment or employee of the storeowner tobacco retailer.

H. The ABLE Commission shall prepare for submission annually to the Secretary of the United States Department of Health and Human Services the report required by Section 1926 of the federal Public Health Service Act (42 U.S.C. 300-26), and otherwise shall be responsible for ensuring the state's compliance with that provision of federal law and any implementing of regulations promulgated by the United States Department of Health and Human Services.

1.3

- I. The ABLE Commission shall complete at least one unannounced compliance check per tobacco retail establishment per year. If a tobacco retail establishment fails a compliance check, the ABLE Commission shall conduct an additional compliance check within six (6) months of the initial compliance check.
- SECTION 9. AMENDATORY 63 O.S. 2021, Section 1-229.26, is amended to read as follows:
- Section 1-229.26 A. It is unlawful for any person or tobacco retailer to sell, give or furnish in any manner to another person who is under twenty-one (21) years of age any material or device used in the smoking, chewing, or other method of consumption of tobacco products, nicotine products or vapor products, including cigarette papers, pipes, holders of smoking materials of all types, and other items designed primarily for the smoking or ingestion of tobacco products, nicotine products or vapor products.
- B. When a  $\frac{\text{tobacco retailer}}{\text{tobacco retailer}}$  violates subsection A of this section, the Alcoholic Beverage Laws Enforcement (ABLE) Commission

- 1 | shall impose an administrative fine of not more than One Hundred 2 | Dollars (\$100.00) for each offense.
- 3 SECTION 10. AMENDATORY 68 O.S. 2011, Section 304, is 4 amended to read as follows:

5

6

7

10

11

12

13

14

15

16

17

18

19

20

21

22

- Section 304. A. Every manufacturer and wholesaler of cigarettes in this state, as a condition of carrying on such business, shall annually secure from the Oklahoma Tax Commission a written license, and shall pay therefor an annual fee of Two Hundred Fifty Dollars (\$250.00). Application for such license, which shall be made upon such forms as prescribed by the Oklahoma Tax Commission, shall include the following:
- 1. The applicant's agreement to the jurisdiction of the Tax

  Commission and the courts of this state for the purpose of

  enforcement of the provisions of Section 301 et seq. of this title;
- 2. The applicant's agreement to abide by the provisions of Section 301 et seq. of this title and the rules promulgated by the Tax Commission with reference thereto;
- 3. The wholesaler applicant's agreement to sell cigarettes only to licensed retailers or Indian tribal entities or licensees of Indian tribal entities; and
- 4. The manufacturer applicant's agreement to sell cigarettes only to a licensed wholesaler.
- 23 This license, which will be for the ensuing year, must at all 24 times be displayed in a conspicuous place so that it can be seen.

Persons operating more than one place of business must secure a license for each place of business. "Place of business" shall be construed to include the place where orders are received, or where cigarettes are sold. If cigarettes are sold on or from any vehicle, the vehicle shall constitute a place of business and the regular license fee shall be paid with respect thereto. However, if the vehicle is owned or operated by a place of business for which the regular fee is paid, the annual fee for the license with respect to such vehicle shall be only Ten Dollars (\$10.00). The expiration for such vehicle license shall expire on the same date as the current license of the place of business.

Provided, that the Tax Commission shall not authorize the use of a stamp-metering device by any manufacturer or wholesaler who does not maintain a warehouse or wholesale establishment or place of business within the State of Oklahoma from which cigarettes are received, stocked and sold and where such metering device is kept and used; but the Tax Commission may, in its discretion, permit the use of such metering device by manufacturers and wholesalers of cigarettes residing wholly within another state where such state permits a licensed Oklahoma resident, manufacturer or wholesaler of cigarettes the use of the metering device of such state without first requiring that such manufacturer or wholesaler establish a place of business in such other state. The provisions of this subsection relating to metering devices shall not apply to states

which do not require the affixing of tax stamps to packages of cigarettes before same are offered for sale in such states.

1.3

- B. Every retailer in this state, except Indian tribal entities or licenses of Indian tribal entities, as a condition of carrying on such business, shall secure from the Tax Commission a license and shall pay therefor a fee of Thirty Dollars (\$30.00) Three Hundred Dollars (\$300.00). Application for such license, which shall be made upon such forms as prescribed by the Tax Commission, shall include the following:
- 1. The applicant's agreement to the jurisdiction of the Tax

  Commission and the courts of this state for the purpose of

  enforcement of the provisions of Section 301 et seq. of this title;
- 2. The applicant's agreement to abide by the provisions of Section 301 et seq. of this title and the rules promulgated by the Tax Commission with reference thereto;
- 3. The applicant's agreement that it shall not purchase any cigarettes for resale from a supplier that does not hold a current wholesaler's license issued pursuant to this section; and
- 4. The applicant's agreement to sell cigarettes only to consumers.

Such license, which will be for the ensuing three (3) years year, must at all times be displayed in a conspicuous place so that it can be seen. Upon expiration of such license, the retailer to whom such license was issued may obtain a renewal license which

shall be valid for three (3) years one (1) year. The manner and prorated fee for renewals shall be prescribed by the Tax Commission. Every person operating under such license as a retailer and who owns or operates more than one place of business must secure a license for each place of business. "Place of business" shall be construed to include places where orders are received or where cigarettes are sold.

- C. Every distributing agent shall, as a condition of carrying on such business, pursuant to written application on a form prescribed by and in such detailed form as the Tax Commission may require, annually secure from the Tax Commission a license, and shall pay therefor an annual fee of One Hundred Dollars (\$100.00). An application shall be filed and a license obtained for each place of business owned or operated by a distributing agent. The license, which will be for the ensuing year, shall be consecutively numbered, nonassignable and nontransferable, and shall authorize the storing and distribution of unstamped cigarettes within this state when such distribution is made upon interstate orders only.
- D. 1. All wholesale, retail, and distributing agent's licenses shall be nonassignable and nontransferable from one person to another person. Such licenses may be transferred from one location to another location after an application has been filed with the Tax Commission requesting such transfer and after the approval of the Tax Commission.

2. Wholesale, retail, and distributing agent's licenses shall be applied for on a form prescribed by the Tax Commission. Any person operating as a wholesaler, retailer, or distributing agent must at all times have a valid license which has been issued by the Tax Commission. If any such person or licensee continues to operate as such on a license issued by the Tax Commission which has expired, or operates without ever having obtained from the Tax Commission such license, such person or licensee shall, after becoming delinquent for a period in excess of fifteen (15) days, pay to the Tax Commission, in addition to the annual license fee, a penalty of twenty-five cents (\$0.25) Twenty-five Dollars (\$25.00) per day on each delinquent license for each day so operated in excess of fifteen (15) days. The penalty provided for herein shall not exceed the annual license fee for such license Three Thousand Dollars (\$3,000.00).

- E. No license may be granted, maintained or renewed if any of the following conditions applies to the applicant. For purposes of this section, "applicant" includes any combination of persons owning directly or indirectly, in the aggregate, more than ten percent (10%) of the ownership interests in the applicant:
- 1. The applicant owes Five Hundred Dollars (\$500.00) or more in delinquent cigarette taxes;

2. The applicant had a cigarette manufacturer, wholesaler, retailer or distributor license revoked by the Tax Commission within the past two (2) years;

1.3

- 3. The applicant has been convicted of a crime relating to stolen or counterfeit cigarettes, or receiving stolen or counterfeit cigarettes or has been convicted of or has entered a plea of guilty or nolo contendere to any felony;
- 4. If the applicant is a cigarette manufacturer, the applicant is neither:
  - a. a participating manufacturer as defined in Section II (jj) of the Master Settlement Agreement as defined in Section 600.22 of Title 37 of the Oklahoma Statutes, nor
  - b. in full compliance with the provisions of paragraph 2 of subsection A of Section 600.23 of Title 37 of the Oklahoma Statutes;
- 5. If the applicant is a cigarette manufacturer, if any cigarette imported by such applicant is imported into the United States in violation of 19 U.S.C., Section 1681a; or
- 6. If the applicant is a cigarette manufacturer, if any cigarette imported or manufactured by the applicant does not fully comply with the Federal Cigarette Labeling and Advertising Act, 15 U.S.C., Section 1331 et seq.

F. No person or entity licensed pursuant to the provisions of this section shall purchase cigarettes from or sell cigarettes to a person or entity required to obtain a license unless such person or entity has obtained such license.

- G. No person licensed as a retailer in this state shall:
- 1. Sell any cigarettes to any other person licensed as a retailer in this state unless such sale is for the purpose of moving inventory between stores which are part of the same company; or
- 2. Purchase any cigarettes from any person or entity other than a wholesaler licensed pursuant to Section 301 et seq. of this title.
- H. In addition to any civil or criminal penalty provided by law, upon a finding that a licensee has violated any provision of Section 301 et seq. of this title, the Tax Commission may revoke or suspend the license or licenses of the licensee pursuant to the procedures applicable to revocation of a license set forth in Section 316 of this title.
- I. The Tax Commission shall create and maintain a website setting forth all current valid licenses and the identity of licensees holding such licenses, and shall update the site no less frequently than once per month.
- J. Licensing revenue generated by this section shall be deposited in the Youth Access to Tobacco Compliance Revolving Fund pursuant to Section 11 of this act.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 304.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

There is hereby created in the State Treasury a revolving fund for the Alcoholic Beverage Laws Enforcement Commission to be designated the "Youth Access to Tobacco Compliance Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Tax Commission from licensing for manufacture and wholesale of cigarettes and dealing and wholesale of tobacco products. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the ABLE Commission for the purpose of conducting mandatory compliance checks and reporting. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

SECTION 12. AMENDATORY 68 O.S. 2021, Section 401, is amended to read as follows:

Section 401. For the purpose of this article:

1. The word "person" shall mean any individual, company, limited liability company, corporation, partnership, association, joint adventure, estate, trust or any other group, or combination acting as a unit, and the plural as well as the singular, unless the

1 intention to give a more limited meaning is disclosed by the 2 context;

3

4

5

6

7

10

11

12

1.3

14

15

16

17

18

- 2. The term "Tax Commission" shall mean the Oklahoma Tax Commission;
- 3. The word "wholesaler" shall include dealers whose principal business is that of a wholesale dealer, and who is known to the trade as such, who shall sell any tobacco products to licensed retail dealers only for the purpose of resale;
- 4. The word "retailer" shall include every dealer, other than a wholesaler as defined above, whose principal business is that of selling merchandise at retail, who shall sell, or offer for sale, tobacco products;
- 5. The word "consumer" shall mean a person who comes into possession of tobacco for the purpose of consuming it;
- 6. The words "first sale" shall mean and include the first sale, or distribution, of tobacco products in intrastate commerce, or the first use or consumption of tobacco products within this state;
- 7. The words "tobacco products" shall mean any cigars, smoking
  tobacco and smokeless tobacco product containing, made of, or
  derived from tobacco or nicotine that is intended for human

  consumption or is likely to be consumed, whether inhaled, absorbed,
  or ingested by any other means, including but not limited to cigars,

  pipe tobacco, chewing tobacco, snuff or snus. Tobacco products

shall also mean any vapor product, any substance that may be

aerosolized or vaporized by a device, whether or not the substance

contains nicotine, and any other component, part or accessory to

such a product or device, including but not limited to filters,

rolling papers, blunt or hemp wraps, and pipes. Tobacco products

shall not mean drugs, devices or combination products authorized for

sale by the United States Food and Drug Administration;

- 8. The term "cigars" shall include any roll of tobacco for smoking, irrespective of size or shape and irrespective of the tobacco being flavored, adulterated or mixed with any other ingredients, where such roll has a wrapper made chiefly of tobacco;
- 9. The term "smokeless tobacco" shall mean all smokeless tobacco including snuff and chewing tobacco;

- 10. The term "snuff" shall mean any finely cut, ground or powdered tobacco that is not intended to be smoked;
- 11. The term "chewing tobacco" means any leaf tobacco that is not intended to be smoked;
- 12. The term "smoking tobacco" shall mean any pipe tobacco or roll-your-own tobacco;
- 13. The term "pipe tobacco" means any tobacco which, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco to be smoked in a pipe;

14. The term "roll-your-own tobacco" means any tobacco which, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes or cigars, or for use as wrappers thereof; and

- 15. The term "untaxed" means that the full amount of tax has not been paid as required by Section 400 et seq. of this title; and
- 16. The words "vapor product" shall mean any noncombustible product that may or may not contain nicotine, that employs a mechanical heating element, battery, electronic circuit or other mechanism, regardless of the shape or size, and that can be used to produce a vapor in a solution or other form. Vapor product shall also mean any vapor cartridge or other container of a solution, with or without nicotine in any form, that is intended to be used with an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe or similar product or device. Vapor product shall not mean any products regulated by the United States Food and Drug Administration.
- SECTION 13. AMENDATORY 68 O.S. 2021, Section 415, is amended to read as follows:

Section 415. A. Every wholesaler of tobacco products in this state, as a condition of carrying on such business, shall annually secure from the Oklahoma Tax Commission a written license and shall pay an annual fee of Two Hundred Fifty Dollars (\$250.00); provided,

such fee shall not be applicable if paid pursuant to Section 304 of this title. The Tax Commission shall promulgate rules which provide a procedure for the issuance of a joint license for any wholesaler making application pursuant to this section and Section 304 of this title. Application for such license, which shall be made upon such forms as prescribed by the Tax Commission, shall include the following:

- 1. The applicant's agreement to the jurisdiction of the Tax

  Commission and the courts of this state for purposes of enforcement

  of the provisions of Section 301 et seq. of this title; and
- 2. The applicant's agreement to abide by the provisions of Section 301 et seq. of this title and the rules promulgated by the Tax Commission with reference thereto. This license, which will be for the ensuing year, must at all times be displayed in a conspicuous place so that it can be seen. Persons operating more than one place of business must secure a license for each place of business. "Place of business" shall be construed to include the place where orders are received, or where tobacco products are sold. If tobacco products are sold on or from any vehicle, the vehicle shall constitute a place of business, and the license fee of Two Hundred Fifty Dollars (\$250.00) shall be paid with respect thereto. However, if the vehicle is owned or operated by a place of business for which the regular license fee is paid, the annual fee for the license with respect to such vehicle shall be only Ten Dollars

(\$10.00). The expiration for such vehicle license shall expire on the same date as the current license of the place of business.

- B. Every retailer in this state, as a condition of carrying on such business, shall secure from the Tax Commission a license and shall pay therefor a fee of Thirty Dollars (\$30.00) Three Hundred Dollars (\$300.00). Application for such license, which shall be made upon such forms as prescribed by the Tax Commission, shall include the following:
- 1. The applicant's agreement to the jurisdiction of the Tax

  Commission and the courts of this state for purposes of enforcement

  of the provisions of Section 301 et seq. of this title;
- 2. The applicant's agreement to abide by the provisions of Section 301 et seq. of this title and the rules promulgated by the Tax Commission with reference thereto;
- 3. The applicant's agreement that it shall not purchase any tobacco products for resale from a supplier that does not hold a current wholesaler's license issued pursuant to this section; and
- 4. The applicant's agreement to sell tobacco products only to consumers.

Such license, which will be for the ensuing three (3) years year, must at all times be displayed in a conspicuous place so that it can be seen. Upon expiration of such license, the retailer to whom such license was issued may obtain a renewal license which shall be valid for three (3) years one (1) year or until expiration

- of the retailer's sales tax permit, whichever is earlier, after
  which a renewal license shall be valid for three (3) years one (1)

  year. The manner and prorated fee for renewals shall be prescribed
  by the Tax Commission. Every person operating under such license as
  a retailer and who owns or operates more than one place of business
  must secure a license for each place of business. "Place of
  business" shall be construed to include places where orders are
  received or where tobacco products are sold.
  - C. Nothing in this section shall be construed to prohibit any person holding a retail license from also holding a wholesaler license.

- D. 1. All wholesale or retail licenses shall be nonassignable and nontransferable from one person to another person. Such licenses may be transferred from one location to another location after an application has been filed with the Tax Commission requesting such transfer and after the approval of the Tax Commission.
- 2. Wholesale and retail licenses shall be applied for on a form prescribed by the Tax Commission. Any person operating as a wholesaler or retailer must at all times have an effective unexpired license which has been issued by the Tax Commission. If any such person or licensee continues to operate as such on a license issued by the Tax Commission which has expired, or operates without ever having obtained from the Tax Commission such license, such person or

- 1 licensee shall, after becoming delinquent for a period in excess of fifteen (15) days, pay to the Tax Commission, in addition to the annual license fee, a penalty of <del>Ten Dollars (\$10.00)</del> Twenty-five 3 4 Dollars (\$25.00) per day on each delinquent license for each day so 5 operated in excess of fifteen (15) days. The penalty provided for herein shall not exceed the annual license fee for such license 6 7 Three Thousand Dollars (\$3,000.00). The penalties collected pursuant to the provisions of this paragraph shall be deposited in 9 the Tobacco Products Tax Enforcement Unit Revolving Fund created in 10 Section 7 400.6 of this act title.
  - E. No license may be granted, maintained or renewed if any of the following conditions apply to the applicant. For purposes of this section, "applicant" includes any combination of persons owning directly or indirectly, in the aggregate, more than ten percent (10%) of the ownership interests in the applicant:

11

12

13

14

15

16

17

18

19

20

21

22

23

24

- 1. The applicant owes Five Hundred Dollars (\$500.00) or more in delinquent tobacco products taxes;
- 2. The applicant had a wholesaler or retailer license revoked by the Tax Commission within the past two (2) years; or
- 3. The applicant has been convicted of a crime relating to stolen or counterfeit tobacco products, or receiving stolen or counterfeit tobacco products.
- F. No person or entity licensed pursuant to the provisions of this section shall purchase tobacco products from or sell tobacco

products to a person or entity required to obtain a license unless such person or entity has obtained such license.

- G. In addition to any civil or criminal penalty provided by law, upon a finding that a licensee has violated any provision of Section 301 et seq. of this title, the Tax Commission may revoke or suspend the license or licenses of the licensee pursuant to the procedures applicable to revocation of a license set forth in Section 418 of this title.
- H. Licensing revenue generated by this section shall be deposited in the Youth Access to Tobacco Compliance Revolving Fund pursuant to Section 11 of this act.
- 12 SECTION 14. This act shall become effective November 1, 2022.

14 58-2-10527 KN 02/17/22

1.3

2.1