2014 -- S 3095 SUBSTITUTE A

LC005910/SUB A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

AN ACT

RELATING TO CRIMINAL OFFENSES - ELECTRONIC NICOTINE DELIVERY SYSTEMS

Introduced By: Senators Ruggerio, Goodwin, Pearson, Ottiano, and Lynch Date Introduced: June 11, 2014 Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

SECTION 1. Sections 11-9-13, 11-9-13.1, 11-9-13.4, 11-9-13.6, 11-9-13.7, 11-9-13.8,
 11-9-13.10, 11-9-13.13 and 11-9-14 of the General Laws in Chapter 11-9 entitled "Children" are
 hereby amended to read as follows:

11-9-13. Purchase, sale or delivery of tobacco products to persons under eighteen --

5 Posting notice of law. -- No person under eighteen (18) years of age shall purchase, nor shall any person sell, give or deliver to any person under eighteen (18) years of age, any tobacco in the 6 7 form of cigarettes, bidi cigarettes, cigars, little cigars, flavored cigars known as "blunts" unflavored "blunts", flavored and unflavored blunt wraps, cigarette rolling papers of any size or 8 9 composition, cigarillos, and tiparillos, pipe tobacco, chewing tobacco, electronic nicotine delivery 10 systems or snuff. Any person, firm, or corporation that owns, manages, or operates a place of 11 business in which tobacco products are sold, including sales through cigarette vending machines, 12 shall post notice of this law conspicuously in the place of business in letters at least three-eighths 13 of an inch (3/8") high.

14 <u>11-9-13.1. Cigarette and tobacco vending machines. --</u> (a) No cigarettes nor any other 15 tobacco product <u>nor electronic nicotine delivery system product</u> shall be sold from any device or 16 vending machine which is in an area not continuously supervised and in direct line of sight of an 17 authorized person employed by the person, firm, or corporation that owns the business occupying 18 the premises in which the device or vending machine is located, nor shall any tobacco product <u>nor</u> 19 electronic nicotine delivery system product be sold from any device or vending machine which is

1 in an area supervised by such an authorized person unless the device or vending machine is 2 equipped with an electronic locking device which will not allow the device or vending machine to 3 dispense a pack of cigarettes, or any other tobacco product, nor electronic nicotine delivery 4 system product unless it is electronically unlocked from a secured position inaccessible to the public and under the supervision of an authorized person employed by the person, firm, or 5 corporation that owns the business occupying the premises in which the device or vending 6 7 machine is located. "Direct line of sight" means that the vending machine and the purchaser of 8 cigarettes or electronic nicotine delivery systems must be visible to the authorized person 9 pressing the unlock button while the unlock button is being activated. Provided, a locking device 10 shall not be required in an establishment licensed to sell alcoholic beverages which limits access 11 to persons over the age of twenty-one (21) years.

(b) No cigarettes nor any other tobacco product <u>nor electronic nicotine delivery system</u>
 <u>product</u> shall be sold from any device or vending machine from which non-tobacco products are
 sold.

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(c) No cigarettes shall be sold in packs which contain less than twenty (20) cigarettes.

16 (d) Any person, firm, or corporation who owns a business occupying the premises in 17 which a device or vending machine which dispenses cigarettes or any other tobacco product or 18 electronic nicotine delivery system product is located who shall violate any of the provisions of 19 subsections (a) and (b) of this section shall for the first offense be subject to a fine of seventy-five 20 dollars (\$75.00), for the second offense, be subject to a fine of one hundred fifty dollars (\$150), 21 and for the third and any subsequent offense, be subject to a fine of five hundred dollars (\$500); 22 provided, that in the event that there are no offenses in three (3) successive years from the date of 23 the last offense, then the next offense shall be treated as the first offense.

(e) Any person, firm or corporation who shall violate subsection (c) of this section shall
for the first offense be subject to a fine of seventy-five dollars (\$75.00), for the second offense, be
subject to a fine of one hundred fifty dollars (\$150), and for the third and any subsequent offense,
be subject to a fine of five hundred dollars (\$500); provided, that in the event that there are no
offenses in three (3) successive years from the date of the last offense, then the next offense shall
be treated as the first offense.

(f) One-half (1/2) of all the fines collected pursuant to this section shall be transferred to
the municipalities in which the citations originated. One-half (1/2) of all the fines collected
pursuant to this section shall be transferred to the general fund.

(g) Severability. - If any provision of this section or the application of it to any person or
 circumstance is held invalid, that invalidity shall not affect other provisions or applications of this

section, which can be given effect without the invalid provision or application, and to this end the
 provisions of this section are declared to be severable.

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<u>11-9-13.4. Definitions. --</u> As used in this chapter:

4 (1) "Bidi cigarette" means any product that (i) contains tobacco that is wrapped in 5 temburni or tender leaf or that is wrapped in any other material identified by rules of the 6 Department of Health that is similar in appearance or characteristics to the temburni or tender leaf 7 and (ii) does not contain a smoke filtering device.

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(2) "Court" means any appropriate district court of the state of Rhode Island.

9 (3) "Dealer" is synonymous with the term "retail tobacco products dealer".

(4) "Department of mental health, retardation and hospitals behavioral healthcare,
 developmental disabilities and hospitals" means the state of Rhode Island mental health,
 retardation behavioral healthcare, developmental disabilities and hospitals department, its
 employees, agents or assigns.

- 14 (5) "Department of taxation" means the state of Rhode Island taxation division, its15 employees, agents, or assigns.
- (6) "License" is synonymous with the term "retail tobacco products dealer license" or
 "electronic nicotine delivery system license."
- (7) "License holder" is synonymous with the term "retail tobacco products dealer" or
 <u>"electronic nicotine delivery system license."</u>
- 20 (8) "Person" means any individual person, firm, association, or corporation licensed as a
 21 retail dealer to sell tobacco products within the state.
- (9) "Retail tobacco products dealer" means the holder of a license to sell tobaccoproducts at retail.
- (10) "Retail tobacco products dealer license" means a license to sell tobacco products at
 retail as issued by the department of taxation.
- 26 (11) "Spitting tobacco" also means snuff, powdered tobacco, chewing tobacco, dipping
 27 tobacco, pouch tobacco or smokeless tobacco.
- (12) "Tobacco product(s)" means any product containing tobacco, including bidi
 cigarettes, as defined in subdivision (1) of this section, which can be used for, but whose use is
 not limited to, smoking, sniffing, chewing or spitting of the product.
- 31 (13) "Underage individual" or "underage individuals" means any child under the age of
 32 eighteen (18) years of age.
- 33 (14) "Little cigars" means and includes any roll, made wholly or in part of tobacco,
 34 irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or

mixed with any other ingredient, where such roll has a wrapper or cover made of tobacco
wrapped in leaf tobacco or any substance containing tobacco paper or any other material, except
where such wrapper is wholly or in greater part made of tobacco and such roll weighs over three
(3) pounds per thousand (1,000).

5 (15) "Electronic nicotine delivery system" means an electronic device that may be used to
6 simulate smoking in the delivery of nicotine or other substance to a person inhaling from the
7 device, and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic
8 cigarillo, electronic pipe or electronic hookah and any related device and any cartridge or other
9 component of such device.

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<u>11-9-13.6.</u> Duties of the department of mental health, retardation and hospitals Duties of the department of behavioral healthcare, developmental disabilities and hospitals.

12 - The department of mental health, retardation and hospitals behavioral healthcare,
 13 developmental disabilities and hospitals shall:

(1) Coordinate and promote the enforcement of the provisions of this chapter and serve as the primary liaison from this department to other state or local agencies, departments, or divisions on issues pertaining to stopping children's access to tobacco and electronic nicotine delivery systems.

(2) Provide retail tobacco products dealers signs concerning the prohibition of sales to
children under eighteen (18) years of age. The signs, conforming to the requirements of this
chapter, shall be sold at cost. This sign, or an exact duplicate of it made privately, shall be
displayed in all locations where tobacco products are sold.

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(3) Investigate concurrently with other state and local officials violations of this chapter.

23 (4)(i) Utilize unannounced statewide compliance checks of tobacco product sales 24 including retail tobacco over-the-counter sales, mail order sales initiated via mail, facsimile, 25 telephone or internet ordering or other types of electronic communications, and tobacco and/or 26 electronic nicotine delivery systems vending machine sales as part of investigating compliance 27 with the provisions of this chapter. Underage individuals, acting as agents for the department of 28 mental health, retardation and hospitals behavioral healthcare, developmental disabilities and 29 hospitals and with the written permission of a parent or guardian, may purchase, with impunity 30 from prosecution, tobacco products for the purposes of law enforcement or government research 31 involving monitoring compliance with this chapter, provided that the underage individuals are 32 supervised by an adult law enforcement official. Any individual participating in an unannounced 33 compliance check of over-the-counter or vending machine sales, must state his or her accurate 34 age if asked by the sales representative of the retail establishment being checked.

(ii) In fulfilling the requirement of unannounced statewide compliance checks, the 1 2 department of mental health, retardation and hospitals behavioral healthcare, developmental 3 disabilities and hospitals shall maintain complete records of the unannounced compliance checks, 4 detailing, at least, the date of the compliance check, the name and address of the retail 5 establishment checked or the mail order company, the results of the compliance check (sale/no sale), whether the sale was made as an over-the-counter sale, a mail order purchase or a tobacco 6 7 and/or or electronic nicotine delivery systems vending machine sale, and if a citation was issued 8 for any violation found. The records shall be subject to public disclosure. Further, the department 9 of mental health, retardation and hospitals behavioral healthcare, developmental disabilities and 10 hospitals shall report to the owner of each retail establishment checked or mail order company, 11 the results of any compliance check (sale/no sale) whether the sale was made as an over-the-12 counter sale, a mail order purchase or a tobacco and/or electronic nicotine delivery systems 13 vending machine sale, and if a citation was issued for any violation found. 14 (5) Seek enforcement, concurrently with other state and local officials, of the penalties as

15 detailed in this chapter.

16 (6) Develop and disseminate community health education information and materials17 relating to this chapter.

18 <u>11-9-13.7. Signs concerning sales to individuals under age eighteen (18). --</u> Signs 19 provided by the department of behavioral healthcare, developmental disabilities and hospitals, or 20 an exact duplicate of it made privately, shall: (1) Contain in red bold lettering a minimum of 21 three-eighths (3/8") inch high on a white background the following wording in both English and 22 Spanish:

THE SALE OF CIGARETTES, AND OTHER TOBACCO AND ELECTRONIC
NICOTINE DELIVERY SYSTEM PRODUCTS TO PERSONS UNDER THE AGE OF 18 IS
AGAINST RHODE ISLAND LAW (Section 11-9-13.8(1), Rhode Island Statutes) PHOTO ID
FOR PROOF OF AGE IS REQUIRED FOR PURCHASE.

(2) Contain the phone number at the department of behavioral healthcare, developmental
disabilities and hospitals, where violations of sections 11-9-13.2 -- 11-9-13.19 can be reported, in
addition to any other information required by the department of behavioral healthcare,
developmental disabilities and hospitals.

(3) Be displayed prominently for public view wherever tobacco products are sold at each
cash register, each tobacco <u>and/or electronic nicotine delivery systems</u> vending machine, or any
other place from which tobacco products are sold. The signs shall be electronically available in
both English and Spanish online at the department of behavioral healthcare, developmental

1 disabilities and hospitals' website.

2 11-9-13.8. Prohibitions applicable to license holders and their employees and agents. -- A person that holds a license issued under chapter 20 of title 44 and/or § 23-1-56, or an 3 4 employee or agent of that person, is prohibited from selling, distributing or delivering a tobacco 5 and/or electronic nicotine delivery system product:

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(1) To any individual that is under eighteen (18) years of age; or

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(2) In any form other than an original factory-wrapped package; or

(3) As a single cigarette sale (section 44-20-31), or as a sale of cigarettes by the 9 individual piece, known as "loosies."

10 11-9-13.10. Prohibition on the distribution of free tobacco products. -- The 11 distribution of free tobacco products and electronic nicotine delivery systems or coupons or 12 vouchers redeemable for free tobacco or electronic nicotine delivery system products to any 13 person under eighteen (18) years of age shall be prohibited. Further, the distribution of free 14 tobacco products or <u>electronic nicotine delivery systems or</u> coupons or vouchers redeemable for 15 free tobacco or electronic nicotine delivery system products shall be prohibited, regardless of the 16 age of the person to whom the products, coupons, or vouchers are distributed, within five hundred 17 (500) feet of any school. The attorney general shall bring an action for any violation of this 18 section. Every separate free tobacco product or <u>electronic nicotine delivery system or</u> coupon or 19 voucher redeemable for a free tobacco or electronic nicotine delivery system product in violation 20 of this section shall constitute a separate offense subject to a fine of five hundred dollars (\$500). 21 The penalty shall be assessed against the business or individual responsible for initiating the 22 Rhode Island distribution of the free tobacco products or electronic nicotine delivery systems or coupons or vouchers redeemable for free tobacco products or electronic nicotine delivery 23 24 systems.

25 11-9-13.13. Nature and size of penalties. -- (a) Any person or individual that violates a 26 requirement of section 11-9-13.6(2), display of specific signage, shall be subject to a fine in court 27 of not less than thirty-five dollars (\$35.00) nor more than five hundred dollars (\$500) per civil 28 violation.

29 (b) The license holder is responsible for all violations of this section that occur at the 30 location for which the license is issued. Any license holder that violates the prohibition of section 31 11-9-13.8(1) and/or (2) shall be subject to civil fines as follows:

32 (1) A fine of two hundred fifty dollars (\$250) for the first violation within any thirty-six 33 (36) month period;

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(2) A fine of five hundred dollars (\$500) for the second violation within any thirty-six

1 (36) month period;

2 (3) A fine of one thousand dollars (\$1,000) and a fourteen (14) day suspension of the
3 license to sell tobacco products <u>or electronic nicotine delivery systems</u> for the third violation
4 within any thirty-six (36) month period;

5 (4) A fine of one thousand five hundred dollars (\$1,500) and a ninety (90) day 6 suspension of the license to sell tobacco products <u>or electronic nicotine delivery systems</u> for each 7 violation in excess of three (3).

8 (c) Any person that violates a prohibition of section 11-9-13.8(3), sale of single 9 cigarettes; section 11-9-13.8(2), regarding factory-wrapped packs; shall be subject to a penalty of 10 five hundred dollars (\$500) for each violation.

(d) The department of taxation <u>and/or the department of health</u> shall not issue a license to any individual, business, firm, association, or corporation the license of which has been revoked or suspended, to any corporation an officer of which has had his or her license revoked or suspended, or to any individual who is or has been an officer of a corporation the license of which has been revoked or suspended so long as such revocations or suspensions are in effect.

16 (e) The court shall suspend the imposition of a license suspension of the license secured 17 from the Rhode Island tax administrator for violation of subdivisions (b)(3) and (b)(4) of this 18 section if the court finds that the license holder has taken measures to prevent the sale of tobacco 19 and/or electronic nicotine delivery systems to minors and the license holder can demonstrate to 20 the court that those measures have been taken and that employees have received training. No person shall sell tobacco products and/or electronic nicotine delivery system products, at retail, 21 22 without first being trained in the legal sale of tobacco and/or electronic nicotine delivery system 23 products. Training shall teach employees what constitutes a tobacco and/or electronic nicotine 24 delivery system product, legal age of purchase, acceptable identification, how to refuse a direct 25 sale to a minor or secondary sale to an adult, and all applicable laws on tobacco sales and 26 distribution. Dealers shall maintain records indicating that the provisions of this section were 27 reviewed with all employees who conduct or will conduct tobacco and/or electronic nicotine 28 delivery systems sales. Each employee who sells or will sell tobacco and/or electronic nicotine delivery system products shall sign an acknowledgement form attesting that the provisions of this 29 30 section were reviewed with him/her. Each form shall be maintained by the retailer for as long as 31 the employee is so employed and for no less than one year after termination of employment. The 32 measures to prevent the sale of tobacco and/or electronic nicotine delivery systems to minors 33 shall be defined by the department of mental health, retardation and hospitals behavioral healthcare, developmental disabilities and hospitals in rules and regulations. 34

1 11-9-14. Use of tobacco by minors. -- No person under eighteen (18) years of age shall 2 smoke or chew use or possess when such possession is clearly visible tobacco and/or electronic nicotine delivery system in any public street, place or resort, any tobacco and/or electronic 3 4 nicotine delivery system in any form whatsoever. Any person under eighteen (18) years of age 5 violating the provisions of this section shall be required to perform up to thirty (30) hours of community service or shall be required to enter into a tobacco treatment program approved by 6 7 any local substance abuse prevention task force, at the option of a minor charged with a violation 8 of this section. 9 SECTION 2. Chapter 23-1 of the General Laws entitled "Department of Health" is 10 hereby amended by adding thereto the following sections: 23-1-55. Electronic nicotine delivery system distributor, and dealer licenses required 11 12 -- Definitions. - (a) Definitions. - Whenever used in §§ 23-1-56 to 23-1-58, unless the context 13 requires otherwise: 14 (1) "Dealer" means any person whether located within or outside of this state who sells or 15 distributes electronic nicotine delivery system products to a consumer in this state; 16 (2) "Distributor" means any person: 17 (i) Whether located within or outside of this state, other than a dealer, who sells or distributes electronic nicotine delivery system products within or into this state. Such term shall 18 19 not include any electronic nicotine delivery system products manufacturer, export warehouse 20 proprietor, or importer with a valid permit, if such person sells or distributes electronic nicotine 21 delivery system products in this state only to licensed distributors, or to an export warehouse 22 proprietor or another manufacturer with a valid permit; (ii) Selling electronic nicotine delivery system products directly to consumers in this state 23 24 by means of at least twenty-five (25) electronic nicotine delivery system product vending 25 machines; 26 (iii) Engaged in this state in the business of manufacturing electronic nicotine delivery 27 system products or any person engaged in the business of selling electronic nicotine delivery 28 system products to dealers, or to other persons, for the purpose of resale only; provided that 29 seventy-five percent (75%) of all electronic nicotine delivery system products sold by that person 30 in this state are sold to dealers or other persons for resale and selling electronic nicotine delivery

31 system products directly to at least forty (40) dealers or other persons for resale; or

32 (iv) Maintaining one or more regular places of business in this state for that purpose;

- 33 provided, that seventy-five percent (75%) of the sold electronic nicotine delivery system products
- 34 are purchased directly from the manufacturer and selling electronic nicotine delivery system

1 products directly to at least forty (40) dealers or other persons for resale;

- 2 (3) "Electronic nicotine delivery system" means the products as defined in § 11-93 13.4(15).
- 4 23-1-56. License. - (a) Each person engaging in the business of selling electronic 5 nicotine delivery system products in the state, including any distributor or dealer, shall secure a license annually from the department before engaging in that business, or continuing to engage in 6 7 it. A separate application and license is required for each place of business operated by a 8 distributor or dealer. If the applicant for a license does not have a place of business in this state, 9 the license shall be issued for such applicant's principal place of business, wherever located. A 10 licensee shall notify the department within thirty (30) days in the event that it changes its 11 principal place of business. A separate license is required for each class of business if the 12 applicant is engaged in more than one of the activities required to be licensed by this section. No 13 person shall maintain or operate or cause to be operated a vending machine for electronic nicotine 14 delivery systems without procuring a dealer's license for each machine. 15 (b) The director shall have authority to set a reasonable fee not to exceed twenty five 16 dollars (\$25.00) for the issuance of the license. 17 (c) Each issued license shall be prominently displayed on the premises, if any, covered by 18 the license. 19 (d) The director shall create and maintain a website setting forth the identity of all 20 licensed persons under this section, itemized by type of license possessed, and shall update the 21 site no less frequently than six (6) times per year. 22 (e) A manufacturer or importer may sell or distribute electronic nicotine delivery systems to a person located or doing business within the state, only if such person is a licensed distributor. 23 24 An importer may obtain electronic nicotine delivery systems only from a licensed manufacturer. 25 A distributor may sell or distribute electronic nicotine delivery systems to a person located or 26 doing business within this state, only if such person is a licensed distributor or dealer. A 27 distributor may obtain electronic nicotine delivery systems only from a licensed manufacturer, 28 importer, or distributor. A dealer may obtain electronic nicotine delivery systems only from a 29 licensed distributor. 30 (f)(1) No license under this chapter may be granted, maintained or renewed if the 31 applicant, or any combination of persons owning directly or indirectly any interests in the 32 applicant: (i) Is delinquent in any tax filings for one month or more; or 33 34 (ii) Had a license under this chapter revoked within the past two (2) years.

1 (2) No person shall apply for a new license or renewal of a license and no license shall be 2 issued or renewed for any person, unless all outstanding fines, fees or other charges relating to

3 any license held by that person have been paid.

- 4 (3) No license shall be issued relating to a business at any specific location until all prior 5 licenses relating to that location have been officially terminated and all fines, fees or charges
- relating to the prior licenses have been paid or otherwise resolved or if the director has found that 6
- 7 the person applying for the new license is not acting as an agent for the prior licensee who is
- 8 subject to any such related fines, fees or charges that are still due. Evidence of such agency status
- 9 includes, but is not limited to, a direct familial relationship and/or unemployment, contractual or
- 10 other formal financial or business relationship with the prior licensee.
- 11 (4) No person shall apply for a new license pertaining to a specific location in order to 12 evade payment of any fines, fees or other charges relating to a prior license for that location.
- 13 (5) No new license shall be issued for a business at a specific location for which a license

14 has already issued unless there is a bona fide, good faith change in ownership of the business at

- 15 that location.
- 16 (6) No license or permit shall be issued, renewed or maintained for any person, including
- 17 the owners of the business being licensed that has been convicted of violating any criminal law
- 18 relating to tobacco products and/or electronic nicotine delivery system products, the payment of
- 19 taxes or fraud or has been ordered to pay civil fines of more than twenty-five thousand dollars
- 20 (\$25,000) for violations of any civil law relating to tobacco products and/or electronic nicotine
- 21 delivery system products, the payment of taxes or fraud.
- 22 23-1-57. Penalties for unlicensed business. -- Any distributor or dealer who sells, offers
- 23 for sale, or possesses with intent to sell, electronic nicotine delivery system products, without a
- 24 license as provided in § 23-1-56, shall be fined in accordance with the provisions of and the
- 25 penalties contained in § 23-1-58.
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- 23-1-58. Penalty for operating without a dealer license. (a) Any individual or
- 27 business who violates this chapter by selling or conveying an electronic nicotine delivery system
- 28 product without a retail license shall be cited for that violation and shall be required to appear in
- 29 district court for a hearing on the citation.
- 30 (b) Any individual or business cited for a violation hereunder shall:
- 31 (1) Either post a five hundred dollar (\$500) bond with the district court within ten (10)
- 32 days of the citation; or
- 33 (2) Sign and accept the citation indicating a promise to appear in court.
- 34 (c) An individual or business who has accepted the citation may:

- 1 (1) Pay the five hundred dollar (\$500) fine, either by mail or in person, within ten (10)
- 2 <u>days after receiving the citation; or</u>
- 3 (2) If that individual or business has posted a bond, forfeit the bond by not appearing at
- 4 the scheduled hearing. If the individual or business cited pays the five hundred dollar (\$500) fine
- 5 or forfeits the bond, that individual or business is deemed to have admitted the cited violation and
- 6 to have waived the right to a hearing on the issue of commission on the violation.
- 7 (d) The court, after a hearing on a citation, shall make a determination as to whether a
- 8 violation has been committed. If it is established that the violation did occur, the court shall
- 9 impose a five hundred dollar (\$500) fine, in addition to any court costs or fees.
- 10 SECTION 3. This act shall take effect upon passage.

LC005910/SUB A

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO CRIMINAL OFFENSES - ELECTRONIC NICOTINE DELIVERY SYSTEMS

- 1 This act would prohibit the sale of electronic nicotine delivery systems to persons under
- 2 eighteen (18), and would require a business selling, dealing or distributing an electronic nicotine

3 delivery system to obtain a license from the department of health.

4 This act would take effect upon passage.

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