Act No. 148 (S.198). An act relating to the regulation of tobacco products and tobacco substitutes

Subjects: Tobacco; taxation; tobacco products; tobacco substitutes; Department of Liquor and Lottery; Department of Taxes; Office of the Attorney General

This act expands the definition of tobacco substitute to include additional tobacco and nicotine products, including nicotine pouches. It modifies aspects of retail tobacco licensure, increases annual retail licensing fees from $110.00 to $150.00 for a tobacco license or renewal and from $50.00 to $75.00 for a tobacco substitute endorsement, and changes the penalties for selling tobacco products, tobacco substitutes, or tobacco paraphernalia without a license from a misdemeanor with fines of up to $200.00 for a first offense and $500.00 for a subsequent offense to a civil penalty of up to $2,000.00 for a first offense and $5,000.00 for a subsequent offense. The act transfers licensure and regulatory authority over wholesale tobacco dealers from the Department of Taxes to the Department of Liquor and Lottery beginning on July 1, 2027, and institutes a $1,245.00 annual license fee for wholesale dealers.

The act eliminates a $25.00 civil penalty for minors in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia and replaces the civil penalty of up to $50.00 for a minor who uses false identification to purchase these items with a choice of up to 10 hours of community service or participation in a youth tobacco cessation program. The act establishes separate penalties for a store clerk and a retailer for selling or furnishing tobacco products, tobacco substitutes, or tobacco paraphernalia to a minor in violation of the law, establishes administrative penalties for retailers who commit multiple violations, and provides for the revocation of a retailer’s license following a fifth violation. The act requires contraband tobacco products and tobacco substitutes that are sold, offered for sale, or possessed in violation of certain tobacco laws to be destroyed at the violator’s expense and in a manner that complies with the Agency of Natural Resources’ hazardous waste disposal rules.

The act prohibits anyone from shipping to a retailer in Vermont any tobacco products, tobacco substitutes, or tobacco paraphernalia ordered online, by mail, or by phone unless the items are shipped to the Vermont-licensed retailer by a Vermont-licensed wholesale dealer. The act also prohibits anyone from promoting, distributing, or selling a tobacco product or tobacco substitute in Vermont by imitating or depicting a different type of product, especially a product that appeals to or is commonly used by minors, or by concealing the true nature of the product. It directs the Attorney General to enforce the prohibition and deems a violation of the prohibition to be a violation of Vermont’s Consumer Protection Act.

The act requires the Department of Liquor and Lottery and the Office of the Attorney General each to report to the General Assembly annually on their respective enforcement of Vermont’s laws relating to the online sale of tobacco products, tobacco substitutes, or tobacco paraphernalia. The act authorizes the Commissioner of Taxes to share tax records with the Department of Liquor and Lottery as needed to enforce the tobacco laws. It directs the Department of Liquor and Lottery to report to the General Assembly by January 15, 2027, regarding enforcement of Vermont's tobacco laws and the extent to which any increased enforcement capacity is needed. It also requires the Office of the Attorney General to report to the General Assembly by January 15, 2027, on issues related to the taxation of tobacco products and tobacco substitutes.

Multiple effective dates, beginning on July 1, 2026