# House Calendar

**Friday, April 01, 2016**

88th DAY OF THE ADJOURNED SESSION

House Convenes at 9:30 A.M.

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Action Postponed Until April 1, 2016

Third Reading

H. 863

An act relating to making miscellaneous amendments to Vermont’s retirement laws

Amendment to be offered by Rep. Dame of Essex to H. 863

That the bill be amended after Sec. 9, Vermont Municipal Employees’ Retirement System Rates for Fiscal Year 2017, by adding a new Sec. 10 to read as follows:

Sec. 10. VERMONT PENSION INVESTMENT COMMITTEE; TRANSFER TO DEFINED CONTRIBUTION PLAN; REPORT

The Vermont Pension Investment Committee shall develop a plan to permit any current State employee that is a member of the Vermont State Employees’ Retirement System to transfer his or her membership in the System and the total amount of the accumulated contributions standing to his or her credit in the Vermont State Retirement Fund to the Defined Contribution Retirement Plan established pursuant to 3 V.S.A. chapter 16A. In addition, the Vermont Pension Investment Committee shall develop a plan to provide each participant in the Defined Contribution Retirement Plan with at least one socially responsible option for investing his or her contributions to the Plan. On or before January 15, 2017, the Vermont Pension Investment Committee shall submit a written report to the General Assembly regarding the plans that it has developed pursuant to this section and a recommendation for any legislative, regulatory, or administrative changes necessary to implement the plans.

and by renumbering the remaining section to be numerically correct

ACTION CALENDAR

Third Reading

H. 878

An act relating to capital construction and State bonding budget adjustment

Amendment to be offered by Rep. Hooper of Montpelier to H. 878

That the bill be amended in Sec. 15, Montpelier; 144 State Street; property transaction, by striking out “Notwithstanding 29 V.S.A. § 166(b), the” in the first sentence and inserting in lieu thereof “The”, and by inserting at the end of

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the second sentence, before the period “, and costs associated with the sale, including relocation costs”

Favorable with Amendment

H. 93

An act relating to increasing the smoking age from 18 to 21 years of age

Rep. Mrowicki of Putney, for the Committee on Human Services, recommends the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

*** Increasing Smoking Age to 19 Years of Age ***

Sec. 1. 7 V.S.A. § 1003 is amended to read:

§ 1003. SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA; REQUIREMENTS; PROHIBITIONS

(a) A person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any person younger than 18 years of age.

(b) Beginning August 28, 1997, vending machines selling tobacco products, tobacco substitutes, or tobacco paraphernalia are prohibited. This subsection shall not apply to a vending machine that is located in a commercial establishment in which by law no person younger than 18 years of age is permitted to enter at any time. A single vending machine may not be used to sell other commodities in combination with tobacco products, tobacco substitutes, or tobacco paraphernalia. A violation of this subsection shall result in the seizure of the vending machine.

(c) Beginning January 1, 2001, and subject to receiving any necessary exemption from preemption from the U.S. Food and Drug Administration, all vending machines selling tobacco products are prohibited.

(d) No person holding a tobacco license shall display or store tobacco products or tobacco substitutes where those products are accessible to consumers without direct assistance by the sales personnel. This subsection shall not apply to the following:

(1) A display of tobacco products that is located in a commercial establishment in which by law no person younger than 18 years of age is permitted to enter at any time.

(2) Cigarettes in unopened cartons and smokeless tobacco in unopened multipack containers of 10 or more packages, any of which shall be displayed in plain view and under the control of a responsible employee so that
removal of the cartons or multipacks from the display can be readily observed by that employee; or

(3) **Cigars** and pipe tobacco stored in a humidor on the sales counter in plain view and under the control of a responsible employee so that the removal of these products from the humidor can be readily observed by that employee.

Sec. 2. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 18 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a) A person under 18 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment. A person under 19 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia. A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of $25.00. In the case of failure to pay a penalty, the Judicial Bureau shall mail a notice to the person at the address in the complaint notifying the person that failure to pay the penalty within 60 days of the notice will result in either the suspension of the person’s operator’s license for a period of not more than 90 days or the delay of the initial licensing of the person for a period of not more than one year. A copy of the notice shall be sent to the Commissioner of Motor Vehicles, who, after expiration of 60 days from the date of notice and unless notified by the Judicial Bureau that the penalty has been paid shall either suspend the person’s operator’s license or cause initial licensing of the person to be delayed for the periods set forth in this subsection and the rules. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24. The Commissioner of Motor Vehicles shall adopt rules in accordance with the provisions of 3 V.S.A. chapter 25 to implement the provisions of this subsection, which may provide for incremental suspension or delays not exceeding cumulatively the maximum periods established by this subsection.

(b) A person under 18 years of age who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco
substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both.

Sec. 3. 7 V.S.A. § 1007 is amended to read:

§ 1007. FURNISHING TOBACCO TO PERSONS UNDER 18 YEARS OF AGE

An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 18 years of age shall be subject to a civil penalty of not more than $100.00 for the first offense and not more than $500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of the occurrence of the alleged violation.

Sec. 4. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005(a), relating to possession of tobacco products by a person less than 18 years of age.

(5) Violations of 7 V.S.A. § 1007, relating to furnishing tobacco products to a person under the age of 18 years.

* * *

Sec. 5. 7 V.S.A. § 667(c) is amended to read:

(c) The provisions of subsection (b) of this section shall not apply to a violation of subsection 1005(a) of this title, relating to purchase of tobacco products by a person less than 18 years of age.

* * * Increasing Smoking Age to 20 Years of Age * * *

Sec. 6. 7 V.S.A. § 1003 is amended to read:

§ 1003. SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA; REQUIREMENTS; PROHIBITIONS

(a) A person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any person younger than 20 years of age.

(b) Beginning August 28, 1997, vending machines selling tobacco products, tobacco substitutes, or tobacco paraphernalia are prohibited. This subsection shall not apply to a vending machine that is located in a commercial establishment in which by law no person younger than 20 years of age is
permitted to enter at any time. A single vending machine may not be used to sell other commodities in combination with tobacco products, tobacco substitutes, or tobacco paraphernalia. A violation of this subsection shall result in the seizure of the vending machine.

(c) Beginning January 1, 2001, and subject to receiving any necessary exemption from preemption from the U.S. Food and Drug Administration, all vending machines selling tobacco products are prohibited.

(d) No person holding a tobacco license shall display or store tobacco products or tobacco substitutes where those products are accessible to consumers without direct assistance by the sales personnel. This subsection shall not apply to the following:

1. a display of tobacco products that is located in a commercial establishment in which by law no person younger than 19 years of age is permitted to enter at any time;

* * *

Sec. 7. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 19 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a) A person under 19 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment. A person under 19 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia. A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of $25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

(b) A person under 19 years of age who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both.
Sec. 8. 7 V.S.A. § 1007 is amended to read:

§ 1007. FURNISHING TOBACCO TO PERSONS UNDER 20 YEARS OF AGE

An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 20 years of age shall be subject to a civil penalty of not more than $100.00 for the first offense and not more than $500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of the occurrence of the alleged violation.

Sec. 9. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005(a), relating to possession of tobacco products by a person under 20 years of age.

(5) Violations of 7 V.S.A. § 1007, relating to furnishing tobacco products to a person under 20 years of age.

* * *

Sec. 10. 7 V.S.A. § 667(c) is amended to read:

(c) The provisions of subsection (b) of this section shall not apply to a violation of subsection 1005(a) of this title, relating to purchase of tobacco products by a person less than 20 years of age.

* * * Increasing Smoking Age to 21 Years of Age * * *

Sec. 11. 7 V.S.A. § 1003 is amended to read:

§ 1003. SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA; REQUIREMENTS; PROHIBITIONS

(a) A person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any person younger than 21 years of age.

(b) Beginning August 28, 1997, vending machines selling tobacco products, tobacco substitutes, or tobacco paraphernalia are prohibited. This subsection shall not apply to a vending machine that is located in a commercial establishment in which by law no person younger than 21 years of age is permitted to enter at any time. A single vending machine may not be used to sell other commodities in combination with tobacco products, tobacco
substitutes, or tobacco paraphernalia. A violation of this subsection shall result in the seizure of the vending machine.

(c) Beginning January 1, 2001, and subject to receiving any necessary exemption from preemption from the U.S. Food and Drug Administration, all vending machines selling tobacco products are prohibited.

(d) No person holding a tobacco license shall display or store tobacco products or tobacco substitutes where those products are accessible to consumers without direct assistance by the sales personnel. This subsection shall not apply to the following:

(1) a display of tobacco products that is located in a commercial establishment in which by law no person younger than 20 years of age is permitted to enter at any time;

***

Sec. 12. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 20 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a) A person under 20 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment. A person under 20 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia. A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of $25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

(b) A person under 20 years of age who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both.

Sec. 13. 7 V.S.A. § 1007 is amended to read:

§ 1007. FURNISHING TOBACCO TO PERSONS UNDER 20 YEARS OF AGE
An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 20 21 years of age shall be subject to a civil penalty of not more than $100.00 for the first offense and not more than $500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of the occurrence of the alleged violation.

Sec. 14. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005(a), relating to possession of tobacco products by a person under 20 21 years of age.

(5) Violations of 7 V.S.A. § 1007, relating to furnishing tobacco products to a person under 20 21 years of age.

* * *

Sec. 15. 7 V.S.A. § 667(c) is amended to read:

(c) The provisions of subsection (b) of this section shall not apply to a violation of subsection 1005(a) of this title, relating to purchase of tobacco products by a person less than 20 21 years of age.

* * * Effective Dates * * *

Sec. 16. EFFECTIVE DATES

(a) Secs. 1–5 (increasing smoking age to 19) and this section shall take effect on January 1, 2017.

(b) Secs. 6–10 (increasing smoking age to 20) shall take effect on January 1, 2018.

(c) Secs. 11–15 (increasing smoking age to 21) shall take effect on January 1, 2019.

(Committee Vote: 7-4-0)

Rep. Till of Jericho, for the Committee on Ways & Means, recommends the bill ought to pass when amended as recommended by the Committee on Human Services and when further amended as follows:

First: By inserting three new sections to be Secs. 5a–5c to read as follows:

Sec. 5a. 32 V.S.A. § 7771(d) is amended to read:
(d) The tax imposed under this section shall be at the rate of 160.5 mills per cigarette or little cigar and for each 0.0325 ounces of roll-your-own tobacco. The interest and penalty provisions of section 3202 of this title shall apply to liabilities under this section.

Sec. 5b. 32 V.S.A. § 7811 is amended to read:

§ 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

There is hereby imposed and shall be paid a tax on all other tobacco products, snuff, and new smokeless tobacco possessed in the State of Vermont by any person for sale on and after July 1, 1959 which were imported into the State or manufactured in the State after that date, except that no tax shall be imposed on tobacco products sold under such circumstances that this State is without power to impose such tax, or sold to the United States, or sold to or by a voluntary unincorporated organization of the U.S. Armed Forces operating a place for the sale of goods pursuant to regulations promulgated by the appropriate executive agency of the United States. The tax is intended to be imposed only once upon the wholesale sale of any other tobacco product and shall be at the rate of 92 percent of the wholesale price for all tobacco products except snuff, which shall be taxed at $2.57 per ounce, or fractional part thereof, new smokeless tobacco, which shall be taxed at the greater of $2.57 per ounce or, if packaged for sale to a consumer in a package that contains less than 1.2 ounces of the new smokeless tobacco, at the rate of $3.08 per package, and cigars with a wholesale price greater than $2.17, which shall be taxed at the rate of $2.00 per cigar if the wholesale price of the cigar is greater than $2.17 and less than $10.00, and at the rate of $4.00 per cigar if the wholesale price of the cigar is $10.00 or more. Provided, however, that upon payment of the tax within 10 days, the distributor or dealer may deduct from the tax two percent of the tax due. It shall be presumed that all other tobacco products, snuff, and new smokeless tobacco within the State are subject to tax until the contrary is established and the burden of proof that any other tobacco products, snuff, and new smokeless tobacco are not taxable hereunder shall be upon the person in possession thereof. Licensed wholesalers of other tobacco products, snuff, and new smokeless tobacco shall state on the invoice whether the price includes the Vermont tobacco products tax.

Sec. 5c. 32V.S.A. § 7814 is amended to read:

§ 7814. FLOOR STOCK TAX

(a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of snuff in this State in the amount by which the new tax exceeds the amount of the tax already paid on the snuff. The tax shall apply to snuff in the possession
or control of the retail dealer at 12:01 a.m. on July 1, 2015 January 1, 2017, but shall not apply to retail dealers who hold less than $500.00 in wholesale value of such snuff. Each retail dealer subject to the tax shall, on or before July 25, 2015 January 25, 2017, file a report to the Commissioner in such form as the Commissioner may prescribe showing the snuff on hand at 12:01 a.m. on July 1, 2015 January 1, 2017, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before August 25, 2015 February 25, 2017, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the retail dealer may deduct from the tax due two percent of the tax. Any snuff with respect to which a floor stock tax has been imposed and paid under this section shall not again be subject to tax under section 7811 of this title.

(b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the prohibition against further tax on stamped cigarettes, little cigars, or roll-your-own tobacco under section 7771 of this title, a floor stock tax is hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own tobacco in this State who is either a wholesaler, or a retailer who at 12:01 a.m. on July 1, 2015 January 1, 2017, has more than 10,000 cigarettes or little cigars or who has $500.00 or more of wholesale value of roll-your-own tobacco, for retail sale in his or her possession or control. The amount of the tax shall be the amount by which the new tax exceeds the amount of the tax already paid for each cigarette, little cigar, or roll-your-own tobacco in the possession or control of the wholesaler or retail dealer at 12:01 a.m. on July 1, 2015 January 1, 2017, and on which cigarette stamps have been affixed before July 1, 2015 January 1, 2017. A floor stock tax is also imposed on each Vermont cigarette stamp in the possession or control of the wholesaler at 12:01 a.m. on July 1, 2015 January 1, 2017, and not yet affixed to a cigarette package, and the tax shall be at the rate of $0.33 $0.13 per stamp. Each wholesaler and retail dealer subject to the tax shall, on or before July 25, 2015 January 25, 2017, file a report to the Commissioner in such form as the Commissioner may prescribe showing the cigarettes, little cigars, or roll-your-own tobacco and stamps on hand at 12:01 a.m. on July 1, 2015 January 1, 2017, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before July 25, 2015 February 25, 2017, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the wholesaler or retail dealer may deduct from the tax due two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or roll-your-own tobacco with respect to which a floor stock tax has been imposed under this section shall not again be subject to tax under section 7771 of this title.
Second: By inserting three new sections to be Secs. 10a–10c to read as follows:

Sec. 10a. 32 V.S.A. § 7771(d) is amended to read:

(d) The tax imposed under this section shall be at the rate of 167 mills per cigarette or little cigar and for each 0.03 ounces of roll-your-own tobacco. The interest and penalty provisions of section 3202 of this title shall apply to liabilities under this section.

Sec. 10b. 32 V.S.A. § 7811 is amended to read:

§ 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

There is hereby imposed and shall be paid a tax on all other tobacco products, snuff, and new smokeless tobacco possessed in the State of Vermont by any person for sale on and after July 1, 1959 which were imported into the State or manufactured in the State after that date, except that no tax shall be imposed on tobacco products sold under such circumstances that this State is without power to impose such tax, or sold to the United States, or sold to or by a voluntary unincorporated organization of the U.S. Armed Forces operating a place for the sale of goods pursuant to regulations promulgated by the appropriate executive agency of the United States. The tax is intended to be imposed only once upon the wholesale sale of any other tobacco product and shall be at the rate of 92 percent of the wholesale price for all tobacco products except snuff, which shall be taxed at $2.68 per ounce, or fractional part thereof, new smokeless tobacco, which shall be taxed at the greater of $2.68 per ounce or, if packaged for sale to a consumer in a package that contains less than 1.2 ounces of the new smokeless tobacco, at the rate of $3.21 per package, and cigars with a wholesale price greater than $2.17, which shall be taxed at the rate of $2.00 per cigar if the wholesale price of the cigar is greater than $2.17 and less than $10.00, and at the rate of $4.00 per cigar if the wholesale price of the cigar is $10.00 or more. Provided, however, that upon payment of the tax within 10 days, the distributor or dealer may deduct from the tax two percent of the tax due. It shall be presumed that all other tobacco products, snuff, and new smokeless tobacco within the State are subject to tax until the contrary is established and the burden of proof that any other tobacco products, snuff, and new smokeless tobacco are not taxable hereunder shall be upon the person in possession thereof. Licensed wholesalers of other tobacco products, snuff, and new smokeless tobacco shall state on the invoice whether the price includes the Vermont tobacco products tax.
Sec. 10c. 32V.S.A. § 7814 is amended to read:

§ 7814. FLOOR STOCK TAX

(a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of snuff in this State in the amount by which the new tax exceeds the amount of the tax already paid on the snuff. The tax shall apply to snuff in the possession or control of the retail dealer at 12:01 a.m. on January 1, 2017, but shall not apply to retail dealers who hold less than $500.00 in wholesale value of such snuff. Each retail dealer subject to the tax shall, on or before January 25, 2017, file a report to the Commissioner in such form as the Commissioner may prescribe showing the snuff on hand at 12:01 a.m. on January 1, 2017, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before February 25, 2017, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the retail dealer may deduct from the tax due two percent of the tax. Any snuff with respect to which a floor stock tax has been imposed and paid under this section shall not again be subject to tax under section 7811 of this title.

(b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the prohibition against further tax on stamped cigarettes, little cigars, or roll-your-own tobacco under section 7771 of this title, a floor stock tax is hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own tobacco in this State who is either a wholesaler, or a retailer who at 12:01 a.m. on January 1, 2017, has more than 10,000 cigarettes or little cigars or who has $500.00 or more of wholesale value of roll-your-own tobacco, for retail sale in his or her possession or control. The amount of the tax shall be the amount by which the new tax exceeds the amount of the tax already paid for each cigarette, little cigar, or roll-your-own tobacco in the possession or control of the wholesaler or retail dealer at 12:01 a.m. on January 1, 2017, and on which cigarette stamps have been affixed before January 1, 2017. A floor stock tax is also imposed on each Vermont cigarette stamp in the possession or control of the wholesaler at 12:01 a.m. on January 1, 2017, and not yet affixed to a cigarette package, and the tax shall be at the rate of $0.13 per stamp. Each wholesaler and retail dealer subject to the tax shall, on or before January 25, 2017, file a report to the Commissioner in such form as the Commissioner may prescribe showing the cigarettes, little cigars, or roll-your-own tobacco and stamps on hand at 12:01 a.m. on January 1, 2017, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before January 25, 2017, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the wholesaler or retail dealer may deduct from the tax due two and three-tenths of one percent of the tax. Any cigarettes, little...
cigars, or roll-your-own tobacco with respect to which a floor stock tax has been imposed under this section shall not again be subject to tax under section 7771 of this title.

Third: By inserting three new sections to be Secs. 15a–15c to read as follows:

Sec. 15a. 32 V.S.A. § 7771(d) is amended to read:

(d) The tax imposed under this section shall be at the rate of 167.5 mills per cigarette or little cigar and for each 0.0325 ounces of roll-your-own tobacco. The interest and penalty provisions of section 3202 of this title shall apply to liabilities under this section.

Sec. 15b. 32 V.S.A. § 7811 is amended to read:

§ 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

There is hereby imposed and shall be paid a tax on all other tobacco products, snuff, and new smokeless tobacco possessed in the State of Vermont by any person for sale on and after July 1, 1959 which were imported into the State or manufactured in the State after that date, except that no tax shall be imposed on tobacco products sold under such circumstances that this State is without power to impose such tax, or sold to the United States, or sold to or by a voluntary unincorporated organization of the U.S. Armed Forces operating a place for the sale of goods pursuant to regulations promulgated by the appropriate executive agency of the United States. The tax is intended to be imposed only once upon the wholesale sale of any other tobacco product and shall be at the rate of 92 percent of the wholesale price for all tobacco products except snuff, which shall be taxed at $2.78 per ounce, or fractional part thereof, new smokeless tobacco, which shall be taxed at the greater of $2.78 per ounce or, if packaged for sale to a consumer in a package that contains less than 1.2 ounces of the new smokeless tobacco, at the rate of $3.34 per package, and cigars with a wholesale price greater than $2.17, which shall be taxed at the rate of $2.00 per cigar if the wholesale price of the cigar is greater than $2.17 and less than $10.00, and at the rate of $4.00 per cigar if the wholesale price of the cigar is $10.00 or more. Provided, however, that upon payment of the tax within 10 days, the distributor or dealer may deduct from the tax two percent of the tax due. It shall be presumed that all other tobacco products, snuff, and new smokeless tobacco within the State are subject to tax until the contrary is established and the burden of proof that any other tobacco products, snuff, and new smokeless tobacco are not taxable hereunder shall be upon the person in possession thereof. Licensed wholesalers of other tobacco products, snuff, and new smokeless tobacco shall
state on the invoice whether the price includes the Vermont tobacco products tax.

Sec. 15c. 32V.S.A. § 7814 is amended to read:

§ 7814. FLOOR STOCK TAX

   (a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of snuff in this State in the amount by which the new tax exceeds the amount of the tax already paid on the snuff. The tax shall apply to snuff in the possession or control of the retail dealer at 12:01 a.m. on January 1, 2018 2019, but shall not apply to retail dealers who hold less than $500.00 in wholesale value of such snuff. Each retail dealer subject to the tax shall, on or before January 25, 2018 2019, file a report to the Commissioner in such form as the Commissioner may prescribe showing the snuff on hand at 12:01 a.m. on January 1, 2018 2019, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before February 25, 2018 2019, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the retail dealer may deduct from the tax due two percent of the tax.

   (b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the prohibition against further tax on stamped cigarettes, little cigars, or roll-your-own tobacco under section 7771 of this title, a floor stock tax is hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own tobacco in this State who is either a wholesaler, or a retailer who at 12:01 a.m. on January 1, 2018 2019, has more than 10,000 cigarettes or little cigars or who has $500.00 or more of wholesale value of roll-your-own tobacco, for retail sale in his or her possession or control. The amount of the tax shall be the amount by which the new tax exceeds the amount of the tax already paid for each cigarette, little cigar, or roll-your-own tobacco in the possession or control of the wholesaler or retail dealer at 12:01 a.m. on January 1, 2018 2019, and on which cigarette stamps have been affixed before January 1, 2018 2019. A floor stock tax is also imposed on each Vermont cigarette stamp in the possession or control of the wholesaler at 12:01 a.m. on January 1, 2018 2019, and not yet affixed to a cigarette package, and the tax shall be at the rate of $0.13 per stamp. Each wholesaler and retail dealer subject to the tax shall, on or before January 25, 2018 2019, file a report to the Commissioner in such form as the Commissioner may prescribe showing the cigarettes, little cigars, or roll-your-own tobacco and stamps on hand at 12:01 a.m. on January 1, 2018 2019, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before January 25, 2018 2019, and thereafter shall
bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the wholesaler or retail dealer may deduct from the tax due two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or roll-your-own tobacco with respect to which a floor stock tax has been imposed under this section shall not again be subject to tax under section 7771 of this title.

Fourth: By striking Sec. 16 (effective dates) in its entirety and inserting in lieu thereof the following:

Sec. 16. EFFECTIVE DATES

(a) Secs. 1–5c (increasing smoking age to 19 and increasing tobacco taxes) and this section shall take effect on January 1, 2017.

(b) Secs. 6–10c (increasing smoking age to 20 and increasing tobacco taxes) shall take effect on January 1, 2018.

(c) Secs. 11–15c (increasing smoking age to 21 and increasing tobacco taxes) shall take effect on January 1, 2019.

(Committee Vote: 8-3-0)

Amendment to be offered by Rep. Poirier of Barre City to H. 93

First: By adding a new section to be Sec. 16 to read as follows:

Sec. 16. DEPARTMENT OF LIQUOR CONTROL; COMPLIANCE TESTING; REPORT

On or before January 15, 2017, the Department of Liquor Control shall report to the House Committees on Health Care, on Human Services, and on General, Housing and Military Affairs and the Senate Committees on Health and Welfare and on Economic Development, Housing and General Affairs regarding any necessary modifications it has made or plans to make to its compliance testing program for tobacco licensees in light of the increase to the smoking age set forth in this act.

and by renumbering the existing Sec. 16, effective dates, to be Sec. 17

Second: In the newly renumbered Sec. 17, effective dates, in subsection (a), by striking out “and this section” and by adding a subsection (d) to read as follows:

(d) Sec. 16 (Department of Liquor Control; compliance testing) and this section shall take effect on passage.
Amendment to be offered by Rep. Wright of Burlington to H. 93

First: By striking out Sec. 2, 7 V.S.A. § 1005, in its entirety and inserting in lieu thereof the following:

Sec. 2. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 18 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a)(1) A person under 18 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment.

(2) A person under 18 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia.

(3) A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated. A person who violates subdivision (1) of this subsection shall be further subject to a civil penalty of $25.00 and a person who violates subdivision (2) of this subsection shall be subject to a civil penalty of not more than $200.00.

(4) In the case of failure to pay a penalty for a violation of subdivision (2) of this subsection, the Judicial Bureau shall mail a notice to the person at the address in the complaint notifying the person that failure to pay the penalty within 60 days of the notice will result in either the suspension of the person’s operator’s license or a delay of the initial licensing of the person for a period of not more than 90 days or the delay of the initial licensing of the person for a period of not more than one year until the penalty is paid, whichever is earlier. A copy of the notice shall be sent to the Commissioner of Motor Vehicles, who, after expiration of 60 days from the date of notice and unless notified by the Judicial Bureau that the penalty has been paid shall either suspend the person’s operator’s license or cause initial licensing of the person to be delayed for the periods set forth in this subsection and the rules of this subdivision.

(5) An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24. The Commissioner of Motor Vehicles shall adopt rules in accordance with the provisions of 3 V.S.A. chapter 25 to implement the provisions of this subsection, which may provide
for incremental suspension or delays not exceeding cumulatively the maximum periods established by this subsection.

(b) A person under 18 years of age who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both. [Repealed.]

Second: By striking out Sec. 7, 7 V.S.A. § 1005, in its entirety and inserting in lieu thereof the following:

Sec. 7. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 19 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a)(1) A person under 19 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment.

(2) A person under 19 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia.

***

Third: By striking out Sec. 12, 7 V.S.A. § 1005 in its entirety and inserting in lieu thereof the following:

Sec. 12. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 20 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a)(1) A person under 20 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment.

(2) A person under 20 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia.

***

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Fourth: By adding a new section to be Sec. 17 and a reader assistance thereto to read:

* * * Relation to Other Law * * *

Sec. 17. RELATION TO OTHER LAW

On its effective date, Sec. 2 of this act, which amends 7 V.S.A. § 1005 (minor in possession of tobacco or misrepresenting age), shall supersede any conflicting amendments to 7 V.S.A. § 1005 in H.571 of 2016, even if H.571 is signed by the Governor and amends 7 V.S.A. § 1005 in a conflicting manner prior to the effective date of Sec. 2 of this act. If a provision of H.571 that amends 7 V.S.A. § 1005 takes effect prior to Sec. 2 of this act, on the effective date of Sec. 2, 7 V.S.A. § 1005 as it appears and as amended in Sec. 2 of this act shall become the law in Vermont.

Amendment to be offered by Rep. Helm of Fair Haven to H. 93

By striking all after the encacting clause and inserting in lieu thereof the following:

* * * Definitions * * *

Sec. 1. 7 V.S.A. § 1001 is amended to read:

§ 1001. DEFINITIONS

As used in this chapter:

* * *

(9) “U.S. Armed Forces” means the U.S. Army, Navy, Marine Corps, Air Force, or Coast Guard, a reserve component thereof, or the National Guard of this State or another state.

* * * Increasing Smoking Age to 19 Years of Age * * *

Sec. 2. 7 V.S.A. § 1003 is amended to read:

§ 1003. SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA; REQUIREMENTS; PROHIBITIONS

(a)(1) Except as provided in subdivision (2) of this subsection, a person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any person younger than 18 years of age.

(2) A person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any current member of the U.S. Armed Forces younger than 18 years of age.

- 1277 -
(b) Beginning August 28, 1997, vending machines selling tobacco products, tobacco substitutes, or tobacco paraphernalia are prohibited. This subsection shall not apply to a vending machine that is located in a commercial establishment in which by law no person younger than 18 years of age is permitted to enter at any time. A single vending machine may not be used to sell other commodities in combination with tobacco products, tobacco substitutes, or tobacco paraphernalia. A violation of this subsection shall result in the seizure of the vending machine.

(c) Beginning January 1, 2001, and subject to receiving any necessary exemption from preemption from the U.S. Food and Drug Administration, all vending machines selling tobacco products are prohibited.

(d) No person holding a tobacco license shall display or store tobacco products or tobacco substitutes where those products are accessible to consumers without direct assistance by the sales personnel. This subsection shall not apply to the following:

1. A display of tobacco products that is located in a commercial establishment in which by law no person younger than 18 years of age is permitted to enter at any time;

2. Cigarettes in unopened cartons and smokeless tobacco in unopened multipack containers of 10 or more packages, any of which shall be displayed in plain view and under the control of a responsible employee so that removal of the cartons or multipacks from the display can be readily observed by that employee; or

3. Cigars and pipe tobacco stored in a humidor on the sales counter in plain view and under the control of a responsible employee so that the removal of these products from the humidor can be readily observed by that employee.

Sec. 3. 7 V.S.A. § 1004 is amended to read:

§ 1004. PROOF OF AGE FOR THE SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA

(a) A person shall exhibit proper proof of his or her age upon demand of a person licensed under this chapter, an employee of a licensee, or a law enforcement officer. If the person fails to provide such proof of age, the licensee shall be entitled to refuse to sell tobacco products, tobacco substitutes, or tobacco paraphernalia to the person. The sale or furnishing of tobacco products, tobacco substitutes, or tobacco paraphernalia to a person exhibiting proper proof shall be prima facie evidence of a licensee’s compliance with section 1007 of this title.
(b) As used in this section, “proper proof” means a photographic motor vehicle operator's license, a valid passport, a U.S. Military identification card or a photographic nondriver motor vehicle identification card obtained from the Department of Motor Vehicles. For member of the U.S. Armed Forces 18 or 19 years of age purchasing tobacco products, tobacco substitutes, or tobacco paraphernalia pursuant to subdivision 1003(a)(2) of this title, “proper proof” means a photographic U.S. Military identification card showing the person is a current member of the U.S. Armed Forces. A U.S. Military dependent’s identification and privilege card shall not constitute proper proof under this section.

Sec. 4. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 18 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a)(1) A Except as provided in subdivision (2) of this subsection, a person under 18 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment. A person under 18 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia. A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of $25.00. In the case of failure to pay a penalty, the Judicial Bureau shall mail a notice to the person at the address in the complaint notifying the person that failure to pay the penalty within 60 days of the notice will result in either the suspension of the person’s operator’s license for a period of not more than 90 days or the delay of the initial licensing of the person for a period of not more than one year. A copy of the notice shall be sent to the Commissioner of Motor Vehicles, who, after expiration of 60 days from the date of notice and unless notified by the Judicial Bureau that the penalty has been paid shall either suspend the person’s operator’s license or cause initial licensing of the person to be delayed for the periods set forth in this subsection and the rules. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24. The Commissioner of Motor Vehicles shall adopt rules in accordance with the provisions of 3 V.S.A. chapter 25 to implement the provisions of this subsection, which may provide for incremental
suspension or delays not exceeding cumulatively the maximum periods established by this subsection.

(2) For current members of the U.S. Armed Forces, the provisions of subdivision (1) of this subsection shall apply to persons under 18 years of age.

(b) A person under 18 years of age, or, for a current member of the U.S. Armed Forces, under 18 years of age, who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both.

Sec. 5. 7 V.S.A. § 1007 is amended to read:

§ 1007. FURNISHING TOBACCO TO PERSONS UNDER 18 YEARS OF THE LEGAL AGE

An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 18 years of age, or to a current member of the U.S. Armed Forces under 18 years of age, shall be subject to a civil penalty of not more than $100.00 for the first offense and not more than $500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of the occurrence of the alleged violation.

Sec. 6. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005(a), relating to possession of tobacco products by a person less than 18 years of age.

(5) Violations of 7 V.S.A. § 1007, relating to furnishing tobacco products to a person under the age of 18 years of age.

* * *

Sec. 7. 7 V.S.A. § 667(c) is amended to read:

(c) The provisions of subsection (b) of this section shall not apply to a violation of subsection 1005(a) of this title, relating to purchase of tobacco products by a person less than 18 years of age.

* * * Increasing Smoking Age to 20 Years of Age * * *

Sec. 8. 7 V.S.A. § 1003 is amended to read:
§ 1003. SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA; REQUIREMENTS; PROHIBITIONS

(a)(1) Except as provided in subdivision (2) of this subsection, a person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any person younger than 19 years of age.

(2) A person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any current member of the U.S. Armed Forces younger than 18 years of age.

(b) Beginning August 28, 1997, vending machines selling tobacco products, tobacco substitutes, or tobacco paraphernalia are prohibited. This subsection shall not apply to a vending machine that is located in a commercial establishment in which by law no person younger than 19 years of age is permitted to enter at any time. A single vending machine may not be used to sell other commodities in combination with tobacco products, tobacco substitutes, or tobacco paraphernalia. A violation of this subsection shall result in the seizure of the vending machine.

(c) Beginning January 1, 2001, and subject to receiving any necessary exemption from preemption from the U.S. Food and Drug Administration, all vending machines selling tobacco products are prohibited.

(d) No person holding a tobacco license shall display or store tobacco products or tobacco substitutes where those products are accessible to consumers without direct assistance by the sales personnel. This subsection shall not apply to the following:

(1) a display of tobacco products that is located in a commercial establishment in which by law no person younger than 19 years of age is permitted to enter at any time;

** Sec. 9. 7 V.S.A. § 1004(b) is amended to read:

(b) As used in this section, “proper proof” means a photographic motor vehicle operator’s license, a valid passport, a U.S. Military identification card or a photographic nondriver motor vehicle identification card obtained from the Department of Motor Vehicles. For member of the U.S. Armed Forces 18 or 19 years of age purchasing tobacco products, tobacco substitutes, or tobacco paraphernalia pursuant to subdivision 1003(a)(2) of this title, “proper proof” means a photographic U.S. Military identification card showing the person is a current member of the U.S. Armed Forces. A
U.S. Military dependent’s identification and privilege card shall not constitute proper proof under this section.

Sec. 10. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 19-20 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a)(1) Except as provided in subdivision (2) of this subsection, a person under 19-20 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment. A person under 19-20 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia. A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia confiscated and shall be further subject to a civil penalty of $25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

(2) For current members of the U.S. Armed Forces, the provisions of subdivision (1) of this subsection shall apply to persons under 18 years of age.

(b) A person under 19-20 years of age, or, for a current member of the U.S. Armed Forces, under 18 years of age, who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both.

Sec. 11. 7 V.S.A. § 1007 is amended to read:

§ 1007. FURNISHING TOBACCO TO PERSONS UNDER THE LEGAL AGE

An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 19-20 years of age, or to a current member of the U.S. Armed Forces under 18 years of age, shall be subject to a civil penalty of not more than $100.00 for the first offense and not more than $500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of the occurrence of the alleged violation.
Sec. 12.  4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005(a), relating to possession of tobacco products by a person under 19 years of age.

(5) Violations of 7 V.S.A. § 1007, relating to furnishing tobacco products to a person under 19 years of age.

* * *

*** Increasing Smoking Age to 21 Years of Age ***

Sec. 13.  7 V.S.A. § 1003 is amended to read:

§ 1003.  SALE OF TOBACCO PRODUCTS; TOBACCO SUBSTITUTES; TOBACCO PARAPHERNALIA; REQUIREMENTS; PROHIBITIONS

(a)(1) Except as provided in subdivision (2) of this subsection, a person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any person younger than 20 years of age.

(2) A person shall not sell or provide tobacco products, tobacco substitutes, or tobacco paraphernalia to any current member of the U.S. Armed Forces younger than 18 years of age.

(b) Beginning August 28, 1997, vending machines selling tobacco products, tobacco substitutes, or tobacco paraphernalia are prohibited. This subsection shall not apply to a vending machine that is located in a commercial establishment in which by law no person younger than 20 years of age is permitted to enter at any time. A single vending machine may not be used to sell other commodities in combination with tobacco products, tobacco substitutes, or tobacco paraphernalia. A violation of this subsection shall result in the seizure of the vending machine.

(c) Beginning January 1, 2001, and subject to receiving any necessary exemption from preemption from the U.S. Food and Drug Administration, all vending machines selling tobacco products are prohibited.

(d) No person holding a tobacco license shall display or store tobacco products or tobacco substitutes where those products are accessible to consumers without direct assistance by the sales personnel. This subsection shall not apply to the following:
(1) a display of tobacco products that is located in a commercial establishment in which by law no person younger than 20 years of age is permitted to enter at any time;

* * *

Sec. 14. 7 V.S.A. § 1004(b) is amended to read:

(b) As used in this section, “proper proof” means a photographic motor vehicle operator’s license, a valid passport, a U.S. Military identification card or a photographic nondriver motor vehicle identification card obtained from the Department of Motor Vehicles. For member of the U.S. Armed Forces between 18 and 20 years of age purchasing tobacco products, tobacco substitutes, or tobacco paraphernalia pursuant to subdivision 1003(a)(2) of this title, “proper proof” means a photographic U.S. Military identification card showing the person is a current member of the U.S. Armed Forces. A U.S. Military dependent’s identification and privilege card shall not constitute proper proof under this section.

Sec. 15. 7 V.S.A. § 1005 is amended to read:

§ 1005. PERSONS UNDER 20 YEARS OF AGE; POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING AGE OR PURCHASING TOBACCO PRODUCTS; PENALTY

(a)(1) Except as provided in subdivision (2) of this subsection, a person under 20 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment. A person under 20 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia. A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of this subsection shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of $25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

(2) For current members of the U.S. Armed Forces, the provisions of subdivision (1) of this subsection shall apply to persons under 18 years of age.

(b) A person under 20 years of age, or, for a current member of the U.S. Armed Forces, under 18 years of age, who misrepresents his or her age by presenting false identification to purchase tobacco products, tobacco
substitutes, or tobacco paraphernalia shall be fined not more than $50.00 or provide up to 10 hours of community service, or both.

Sec. 16. 7 V.S.A. § 1007 is amended to read:

§ 1007. FURNISHING TOBACCO TO PERSONS UNDER THE LEGAL AGE

An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 20 years of age, or to a current member of the U.S. Armed Forces under 18 years of age, shall be subject to a civil penalty of not more than $100.00 for the first offense and not more than $500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of the occurrence of the alleged violation.

Sec. 17. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

***

(4) Violations of 7 V.S.A. § 1005(a), relating to possession of tobacco products by a person under 20 years of age.

(5) Violations of 7 V.S.A. § 1007, relating to furnishing tobacco products to a person under 20 years of age.

***

*** Effective Dates ***

Sec. 18. EFFECTIVE DATES

(a) Secs. 1 (definitions), 2–7 (increasing smoking age to 19), and this section shall take effect on January 1, 2017.

(b) Secs. 8–12 (increasing smoking age to 20) shall take effect on January 1, 2018.

(c) Secs. 13–17 (increasing smoking age to 21) shall take effect on January 1, 2019.
Favorable

J.R.S. 45

Joint resolution relating to the transfer of two State-owned parcels of land to
the Town of Duxbury

Rep. Macaig of Williston, for the Committee on Corrections &
Institutions, recommends that the resolution out to be adopted in concurrence.

(Committee Vote: 10-0-1)

(For text see Senate Journal March 15, 2016)

Senate Proposal of Amendment

H. 538

An act relating to captive insurance companies

The Senate proposes to the House to amend the bill by striking all after the
enacting clause and inserting in lieu thereof the following:

*** Captive Insurance Company Reports and Statements ***

Sec. 1. 8 V.S.A. § 6007(c) is amended to read:

(c) Any pure captive insurance company, association captive insurance
company, sponsored captive insurance company, or industrial insured
captive insurance company may make written application for filing the
required report on a fiscal year-end. If an alternative reporting date is granted:

(1) the annual report is due 75 days after the fiscal year-end; and

(2) in order to provide sufficient detail to support the premium tax
return, the pure captive insurance company, association captive insurance
company, sponsored captive insurance company, or industrial insured captive
insurance company shall file prior to March 15 of each year for each
calendar year-end, pages 1, 2, 3, and 5 of the "Captive Annual Statement; Pure or
Industrial Insured," "Vermont Captive Insurance Company Annual Report
verified by oath of two of its executive officers.

*** Dormant Captive Insurance Companies ***

Sec. 2. 8 V.S.A. § 6024 is amended to read:

§ 6024. DORMANT CAPTIVE INSURANCE COMPANIES

(a) As used in this section, unless the context requires otherwise, “dormant
captive insurance company” means a pure captive insurance company which,
sponsored captive insurance company, or industrial insured captive insurance
company that has:

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(1) at no time, insured controlled unaffiliated business;

(2) ceased transacting the business of insurance, including the issuance of insurance policies; and

(3)(2) no remaining liabilities associated with insurance business transactions, or insurance policies issued prior to the filing of its application for a certificate of dormancy under this section.

(b) A pure captive insurance company domiciled in Vermont which meets the criteria of subsection (a) of this section may apply to the Commissioner for a certificate of dormancy. The certificate of dormancy shall be subject to renewal every five years and shall be forfeited if not renewed within such time.

(c) A dormant captive insurance company which has been issued a certificate of dormancy shall:

* * *

* * * Protected Cells; Conversion; Sale; Assignment; Transfer * * *

Sec. 3. 8 V.S.A. § 6034b is added to read:

§ 6034b. PROTECTED CELL CONVERSION INTO AN INCORPORATED PROTECTED CELL

(a) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cell or as otherwise permitted pursuant to a participation agreement, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may convert a protected cell into an incorporated protected cell pursuant to the provisions of section 6034a of this title, without affecting the protected cell’s assets, rights, benefits, obligations, and liabilities.

(b) Any such conversion shall be deemed for all purposes to be a continuation of the protected cell’s existence together with all of its assets, rights, benefits, obligations, and liabilities, as an incorporated protected cell of the sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company, as applicable. Any such conversion shall be deemed to occur without any transfer or assignment of any such assets, rights, benefits, obligations, or liabilities and without the creation of any reversionary interest in, or impairment of, any such assets, rights, benefits, obligations, and liabilities.

Sec. 4. 8 V.S.A. § 6034c is added to read:
§ 6034c. SALE, TRANSFER, OR ASSIGNMENT OF PROTECTED CELLS

(a) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cell or as otherwise permitted pursuant to a participation agreement, or the consent of the affected incorporated protected cell, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may sell, transfer, assign, and otherwise convey a protected cell or incorporated protected cell together with all of the protected cell’s assets, rights, benefits, obligations, and liabilities to a new or existing sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company, pursuant to a plan or plans of operation approved by the Commissioner.

(b) Any such sale, transfer, assignment, or conveyance shall be deemed for all purposes to be a continuation of the protected cell’s existence together with all of its assets, rights, benefits, obligations, and liabilities, as a protected cell of the transferee.

(c) Any such sale, transfer, assignment, or conveyance shall not be construed to limit any rights or protections applicable to the transferred protected cell or incorporated protected cell and the transferor sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company under this subchapter or under section 6048n of this title, as applicable, that existed immediately prior to any such sale, transfer, assignment, or conveyance.

Sec. 5. 8 V.S.A. § 6034d is added to read:

§ 6034d. PROTECTED CELL CONVERSION

(a)(1) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cells or as otherwise permitted pursuant to a participation agreement and the consent of each affected incorporated protected cell, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may convert one or more protected cells or incorporated protected cells into a:

(A) single protected cell or incorporated protected cell;

(B) new sponsored captive insurance company;

(C) new sponsored captive insurance company licensed as a special purpose financial insurance company:
(D) new special purpose financial insurance company;
(E) new pure captive insurance company;
(F) new risk retention group;
(G) new industrial insured captive insurance company; or
(H) new association captive insurance company.

(2) Any such conversion shall be subject to section 6031 and subchapters 1 and 4 of this title, as applicable, as well as to a plan or plans of operation approved by the Commissioner, without affecting any protected cell’s or incorporated protected cell’s assets, rights, benefits, obligations, and liabilities.

(b) Any such conversion shall be deemed for all purposes to be a continuation of each such protected cell’s or incorporated protected cell’s existence together with all of its assets, rights, benefits, obligations, and liabilities, as a new protected cell or incorporated protected cell, a licensed sponsored captive insurance company, a sponsored captive insurance company licensed as a special purpose financial insurance company, a special purpose financial insurance company, a pure captive insurance company, a risk retention group, an industrial insured captive insurance company, or an association captive insurance company, as applicable. Any such conversion shall be deemed to occur without any transfer or assignment of any such assets, rights, benefits, obligations, or liabilities and without the creation of any reversionary interest in, or impairment of, any such assets, rights, benefits, obligations, and liabilities.

(c) Any such conversion shall not be construed to limit any rights or protections applicable to any converted protected cell or incorporated protected cell and such sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company under this subchapter or under subchapter 4 of this title, as applicable, that existed immediately prior to the date of any such conversion.

*** Risk Retention Groups; Governance Standards ***

Sec. 6. 8 V.S.A. § 6052(g) is amended to read:

(g) This subsection establishes governance standards for a risk retention group.

(1) As used in this subsection:
(A) “Board of directors” or “board” means the governing body of a risk retention group elected by risk retention group members to establish policy, elect or appoint officers and committees, and make other governing decisions.

(B) “Director” means a natural person designated in the articles of the risk retention group or designated, elected, or appointed by any other manner, name, or title to act as a member of the governing body of the risk retention group.

(C) “Independent director” means a director who does not have a material relationship with the risk retention group. A person that is a direct or indirect owner of or subscriber in the risk retention group - or is an officer, director, or employee of such an owner and insured, unless some other position of such officer, director, or employee constitutes a “material relationship” - as contemplated under subdivision 3901(a)(4)(E)(ii) of the federal Liability Risk Retention Act, is considered to be “independent.” A director has a material relationship with a risk retention group if he or she, or a member of his or her immediate family:

(i) In any 12-month period, receives from the risk retention group, or from a consultant or service provider to the risk retention group, compensation or other item of value in an amount equal to or greater than five percent of the risk retention group’s gross written premium or two percent of the risk retention group’s surplus, as measured at the end of any fiscal quarter falling in such 12-month period, whichever is greater. This provision also applies to compensation or items of value received by any business with which the director is affiliated. Such material relationship shall continue for one year after the item of value is received or the compensation ceases or falls below the threshold established in this subdivision, as applicable.

(ii) Has a relationship with an auditor as follows: Is affiliated with or employed in a professional capacity by a current or former internal or external auditor of the risk retention group. Such material relationship shall continue for one year after the affiliation or employment ends.

(iii) Has a relationship with a related entity as follows: Is employed as an executive officer of another company whose board of directors includes executive officers of the risk retention group, unless a majority of the membership of such other company’s board of directors is the same as the membership of the board of directors of the risk retention group. Such material relationship shall continue until the employment or service ends.

(D) “Material service provider” includes a captive manager, auditor, accountant, actuary, investment advisor, attorney, managing general
underwriter, or other person responsible for underwriting, determination of rates, premium collection, claims adjustment or settlement, or preparation of financial statements, whose aggregate annual contract fees are equal to or greater than five percent of the risk retention group’s annual gross written premium or two percent of its surplus, whichever is greater. It does not mean defense counsel retained by a risk retention group, unless his or her annual fees have been equal to or greater than five percent of a risk retention group’s annual gross premium or two percent of its surplus, whichever is greater, during three or more of the previous five years.

(2) The board shall have a majority of independent directors. The board of directors shall determine whether a director is independent; review such determinations annually; and maintain a record of the determinations, which shall be provided to the Commissioner promptly, upon request. If the risk retention group is reciprocal, then the attorney-in-fact is required to adhere to the same standards regarding independence as imposed on the risk retention group’s board of directors. If the Commissioner disagrees with the board’s determination regarding independence, the board, within six months, shall take such actions as are necessary in order to obtain written confirmation from the Commissioner that the board meets the independence requirements set forth in this subdivision (1)(C) of this subsection.

(3) The term of any material service provider contract entered into with a risk retention group shall not exceed five years. The contract, or its renewal, requires approval of a majority of the risk retention group’s independent directors. The board of directors has the right to terminate a contract at any time for cause after providing adequate notice, as defined in the terms of the contract.

(4) A risk retention group shall not enter into a material service provider contract without the prior written approval of the Commissioner.

(5) A risk retention group’s plan of operation business plan shall include written policies approved by its board of directors requiring the board to:

(A) provide evidence of ownership interest to each risk retention group member;

(B) develop governance standards applicable to the risk retention group;

(C) oversee the evaluation of the risk retention group’s management, including the performance of its captive manager, managing general underwriter, or other person or persons responsible for underwriting, rate
determination, premium collection, claims adjustment and settlement, or preparation of financial statements;

(D) review and approve the amount to be paid under a material service provider contract; and

(E) at least annually, review and approve:

(i) the risk retention group’s goals and objectives relevant to the compensation of officers and material service providers;

(ii) the performance of officers and material service providers as measured against the risk retention group’s goals and objectives;

(iii) the continued engagement of officers and material service providers.

(6) A risk retention group shall have an audit committee composed of at least three independent board members. A nonindependent board member may participate in the committee’s activities, if invited to do so by the audit committee, but he or she shall not serve as a committee member. The Commissioner may waive the requirement of an audit committee if the risk retention group demonstrates to the Commissioner’s satisfaction that having such committee is impracticable and the board of directors is able to perform sufficiently the committee’s responsibilities. The audit committee shall have a written charter defining its responsibilities, which shall include:

(A) assisting board oversight of the integrity of financial statements, compliance with legal and regulatory requirements, and qualifications, independence, and performance of the independent auditor or actuary;

(B) reviewing quarterly financial statements and annual and quarterly audited financial statements with management;

(C) reviewing annual audited financial statements with its independent auditor and, if it deems advisable, the risk retention group’s quarterly financial statements as well;

(D) reviewing risk assessment and risk management policies;

(E) meeting with management, either directly or through a designated representative of the committee;

(F) meeting with independent auditors, either directly or through a designated representative of the committee;

(G) reviewing with the independent auditor any audit problems and management’s response;
(H) establishing clear hiring policies applicable to the hiring of employees or former employees of the independent auditor by the risk retention group;

(I) requiring the independent auditor to rotate the lead audit partner having primary responsibility for the risk retention group’s audit, as well as the audit partner responsible for reviewing that audit, so that neither individual performs audit services for the risk retention group for more than five consecutive fiscal years; and

(J) reporting regularly to the board of directors.

* * *

*** Effective Date ***

Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.

(For text see House Journal January 21, 2016 )

Action Postponed Until April 5, 2016

H. 84

An act relating to internet dating services

Pending Question: Shall the House concur in the Senate Proposal of Amendment

Consent Calendar

Concurrent Resolutions for Adoption Under Joint Rule 16a

The following concurrent resolutions have been introduced for approval by the Senate and House and will be adopted automatically unless a Senator or Representative requests floor consideration before today’s adjournment. Requests for floor consideration in either chamber should be communicated to the Secretary’s office and/or the House Clerk’s office, respectively. For text of resolutions, see Addendum to House Calendar and Senate Calendar of March 31, 2016.

H.C.R. 302

House concurrent resolution congratulating the 2016 Burlington High School Seahorses Division I championship boys’ basketball team

H.C.R. 303

House concurrent resolution honoring Donald and Allison Hooper on their special agricultural, civic, educational, and entrepreneurial contributions to Vermont

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H.C.R. 304
House concurrent resolution honoring the Rutland Middle School’s 8th Grade Unity Team for an exceptional effort in developing and implementing its 2016 Mock Vermont Legislature Project

H.C.R. 305
House concurrent resolution congratulating the United Church of Bethel on its bicentennial anniversary

H.C.R. 306
House concurrent resolution congratulating recent Vermont winners of the Girl Scout Gold Award

H.C.R. 307
House concurrent resolution recognizing the 2016 Middlebury Union High School Tigers boys’ Nordic skiing team as the fastest Nordic skiers in the State of Vermont

H.C.R. 308
House concurrent resolution congratulating Vinny Pigeon and Kasia Bilodeau as 2015 Special Olympics Vermont honorees

H.C.R. 309
House concurrent resolution congratulating the first Vermont Career and Technical Education Presidential Scholar nominees

H.C.R. 310
House concurrent resolution congratulating the 2016 and three-time Division I Essex Hornets championship girls’ ice hockey team

H.C.R. 311
House concurrent resolution designating March 30, 2016 as Alzheimer’s Awareness and Advocacy Day in Vermont

H.C.R. 312
House concurrent resolution congratulating the 2015 U-32 High School Raiders Division II championship girls’ track and field team

H.C.R. 313
House concurrent resolution congratulating the 2015 U-32 High School Raiders Division II championship boys’ track and field team
H.C.R. 314
House concurrent resolution congratulating the 2016 Essex High School gymnastics team on winning its 11th consecutive State championship

H.C.R. 315
House concurrent resolution honoring Maurice Dickey Drysdale for his bold and dynamic leadership at the Herald of Randolph

S.C.R. 41
Senate concurrent resolution in memory of Manchester’s pioneering developer Ben Hauben

For Informational Purposes
SENATE APPROPRIATIONS COMMITTEE
H.875 (FY 2017 Budget)
ADVOCATES TESTIMONY
On Tuesday, April 5, 2016 beginning at 1:30 pm, the Senate Appropriations Committee will be taking testimony from advocates regarding the Fiscal Year 2017 Budget (H.875) in Room 10 of the State House. All available time slots have been filled. To submit written testimony to the committee please contact Becky Buck at the Legislative Joint Fiscal Office located at 1 Baldwin Street (phone: 828-5969) or via email at: rbuck@leg.state.vt.us