

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred Senate Bill No.  
3 198 entitled “An act relating to the regulation of tobacco products and tobacco  
4 substitutes” respectfully reports that it has considered the same and  
5 recommends that the report of the Committee on Commerce and Economic  
6 Development be amended by striking out all after the enacting clause and  
7 inserting in lieu thereof the following:

8 Sec. 1. 7 V.S.A. chapter 40 is amended to read:

9 CHAPTER 40. TOBACCO PRODUCTS

10 § 1001. DEFINITIONS

11 As used in this chapter:

12 \* \* \*

13 (8)(A) “Tobacco substitute” means ~~products, including~~ any product that  
14 meets all of the following conditions:

15 (i) The product is manufactured from, is derived from, or contains  
16 tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids  
17 and nicotine analogs.

18 (ii) The product is intended for human consumption by smoking,  
19 chewing, inhaling, sucking, absorbing, or consuming in any other manner.

20 (iii) The product is not a tobacco product, as defined in this  
21 section.

1           (B) The term “tobacco substitute” includes electronic cigarettes or  
2           and other electronic or battery-powered devices; that contain or are designed to  
3           deliver nicotine or other substances into the body through the inhalation of  
4           vapor and that have not been approved by the U.S. Food and Drug  
5           Administration for tobacco cessation or other medical purposes. The term also  
6           includes nicotine pouches and any liquids, whether nicotine based or not, and  
7           delivery devices sold separately for use with a tobacco substitute.

8           (C) Cannabis products as defined in section 831 of this title or  
9           products that have been approved by the U.S. Food and Drug Administration  
10           for tobacco cessation or other medical purposes shall not be considered to be  
11           tobacco substitutes.

12           (9) “Licensed wholesale dealer” means a wholesale dealer licensed  
13           under the provisions of this chapter.

14           (10) “Wholesale dealer” means a person who imports or causes to be  
15           imported into the State any tobacco products or tobacco substitutes for sale or  
16           who sells or furnishes any of these products to other wholesale dealers or retail  
17           dealers for the purpose of resale, but not by small quantity or parcel to  
18           consumers of these products.

19           (11) “Wholesale dealer’s license” means the license granted under the  
20           provisions of this chapter to a wholesale dealer for a wholesale outlet.

1           (12) “Wholesale outlet” means any premises where tobacco products or  
2           tobacco substitutes are sold, transferred, displayed, or held for sale by a  
3           wholesale dealer.

4           (13) “Wholesale price” means the price at which a licensed wholesale  
5           dealer sells or furnishes tobacco products or tobacco substitutes to any retail  
6           dealer.

7           § 1002. LICENSE REQUIRED FOR RETAIL SALE; APPLICATION;  
8                           FEE; ISSUANCE

9           (a)(1) Except as provided in subsection (h) of this section, no person shall  
10           engage in the retail sale of tobacco products, tobacco substitutes, or tobacco  
11           paraphernalia in the person’s place of business without a tobacco license  
12           obtained from the Division of Liquor Control.

13           (2) No person shall engage in the retail sale of tobacco substitutes  
14           without also obtaining a tobacco substitute endorsement from the Division of  
15           Liquor Control.

16           (3) Tobacco licenses and tobacco substitute endorsements shall ~~expire at~~  
17           ~~midnight, April 30, of each year~~ be valid for one year from the date of issue.

18           (b)(1) The Board shall prepare and issue tobacco license and tobacco  
19           substitute endorsement forms and applications. ~~These shall be incorporated~~  
20           ~~into the liquor license forms and applications prepared and issued under this~~  
21           ~~title.~~

1           (2) The licenses issued under this section shall be entitled “~~LIQUOR~~  
2     ~~LICENSE,” “LIQUOR TOBACCO LICENSE,” or “TOBACCO LICENSE,”~~  
3     ~~as applicable. The~~ and the endorsements issued under this section shall be  
4     entitled “TOBACCO SUBSTITUTE ENDORSEMENT.”

5           (3) The Board shall also provide simple instructions for licensees,  
6     designed to assist them in complying with the provisions of this chapter.

7           (c) Each tobacco license and tobacco substitute endorsement shall be  
8     prominently displayed on the premises identified in the license.

9           (d)(1) For a license or endorsement required under this section, a person  
10    shall apply to the legislative body of the municipality using the application  
11    provided by the Board in accordance with subdivision (b)(1) of this section and  
12    shall pay the following fees:

13           ~~(A) to the Division of Liquor Control, the applicable liquor license~~  
14    ~~fee provided in section 204 of this title for a liquor license and a tobacco~~  
15    ~~license;~~

16           ~~(B) to the legislative body of the municipality, a fee of \$110.00;~~

17           (A) \$150.00 for a tobacco license or renewal; and

18           ~~(C) to the legislative body of the municipality, a fee of \$50.00~~

19           (B) \$75.00 for a tobacco substitute endorsement as provided in  
20    subdivision (a)(2) of this section.

1           (2) The municipal clerk shall forward the application to the Division;  
2           and, if the municipality’s local control commissioners have approved the  
3           application for a tobacco license and, if applicable, a tobacco substitute  
4           endorsement, the Division shall issue the tobacco license and the tobacco  
5           substitute endorsement, as applicable, and shall forward all fees to the  
6           Commissioner for deposit. Fees collected pursuant to this subsection shall be  
7           deposited in the Liquor Control Enterprise Fund.

8           (e) A person who sells tobacco products, tobacco substitutes, or tobacco  
9           paraphernalia without obtaining a tobacco license and a tobacco substitute  
10          endorsement, as applicable, in violation of this section shall be ~~guilty of a~~  
11          ~~misdemeanor and fined~~ subject to a civil penalty of not more than \$200.00  
12          \$2,000.00 for the first offense and not more than ~~\$500.00~~ \$5,000.00 for each  
13          subsequent offense.

14          (f) No individual under 16 years of age may sell tobacco products, tobacco  
15          substitutes, or tobacco paraphernalia.

16          (g) No person shall engage in the importation, distribution, wholesale sale,  
17          or retail sale, or a combination of these, of tobacco products, tobacco  
18          substitutes, substances containing nicotine or otherwise intended for use with a  
19          tobacco substitute, or tobacco paraphernalia in the State unless the person is a  
20          licensed wholesale dealer ~~as defined in 32 V.S.A. § 7702~~ or has purchased the  
21          tobacco products, tobacco substitutes, substances containing nicotine or

1 otherwise intended for use with a tobacco substitute, or tobacco paraphernalia  
2 from a licensed wholesale dealer.

3 (h) This section shall not apply to a cannabis establishment licensed  
4 pursuant to chapter 33 of this title to engage in the retail sale of cannabis  
5 products as defined in section 831 of this title but not engaged in the sale of  
6 tobacco products or tobacco substitutes.

7 \* \* \*

8 § 1002b. WHOLESALE DEALERS; LICENSE REQUIRED

9 (a) License required. Each wholesale dealer shall secure a license from the  
10 Division of Liquor Control before engaging in the business of selling tobacco  
11 products or tobacco substitutes in this State. Licensed wholesale dealers shall  
12 sell these products only to other Vermont licensed wholesale dealers or to  
13 retailers licensed pursuant to section 1002 of this chapter.

14 (b) Application for and issuance of license.

15 (1) A separate application and license shall be required for each  
16 wholesale outlet when a wholesale dealer owns or controls more than one such  
17 outlet. The license fee shall be \$1,245.00 annually for each outlet.

18 (2) A wholesale license may be issued by the Division upon application  
19 on forms prescribed by the Division, stating the name and address of the  
20 applicant, the address of the place of business at which the applicant proposes  
21 to engage in the wholesale business, the type of business, and such other

1 information as the Division may require for the proper administration of this  
2 chapter. Each license issued pursuant to this section shall be prominently  
3 displayed on the premises covered by the license.

4 (c) Penalties for sales without license. Any wholesale dealer who sells,  
5 offers for sale, or possesses with intent to sell tobacco products or tobacco  
6 substitutes without having first obtained a license as provided in this section  
7 shall be subject to a civil penalty of not more than \$2,000.00 for the first  
8 offense and not more than \$5,000.00 for each subsequent offense.

9 (d) Term of license. Each license issued under the provisions of this  
10 section shall be valid for one year from the date of issue. If the business with  
11 respect to which the license was issued is sold or transferred or if the licensee  
12 ceases to do business at the place named, the license shall immediately be  
13 returned to the Division for cancellation.

14 (e) Revocation or suspension of license. The Division may revoke or  
15 suspend the license of any licensed wholesale dealer for failure to comply with  
16 any provision of this chapter, 11 V.S.A. chapter 15, 32 V.S.A. chapter 205, or  
17 33 V.S.A. chapter 19, subchapter 1B.

18 \* \* \*

19 § 1005. ~~PERSONS~~ INDIVIDUALS UNDER 21 YEARS OF AGE;  
20 POSSESSION OR PURCHASE OF TOBACCO PRODUCTS  
21 PROHIBITED; PENALTY FOR MISREPRESENTING AGE OR

1                    ~~PURCHASING TOBACCO PRODUCTS; PENALTY~~

2            (a)(1) ~~A person~~ An individual under 21 years of age shall not possess,  
3 purchase, or attempt to purchase tobacco products, tobacco substitutes, or  
4 tobacco paraphernalia unless:

5                    (A) the ~~person~~ individual is an employee of a holder of a tobacco  
6 license and is in possession of tobacco products, tobacco substitutes, or  
7 tobacco paraphernalia to effect a sale in the course of employment; or

8                    (B) the ~~person~~ individual is in possession of tobacco products or  
9 tobacco paraphernalia in connection with Indigenous cultural tobacco  
10 practices.

11            (2) ~~A person~~ An individual under 21 years of age shall not misrepresent  
12 ~~his or her~~ the individual's age to purchase or attempt to purchase tobacco  
13 products, tobacco substitutes, or tobacco paraphernalia.

14            (b) ~~A person~~ An individual who possesses tobacco products, tobacco  
15 substitutes, or tobacco paraphernalia in violation of subsection (a) of this  
16 section shall be subject to having the tobacco products, tobacco substitutes, or  
17 tobacco paraphernalia immediately confiscated ~~and shall be further subject to a~~  
18 ~~civil penalty of \$25.00. An action under this subsection shall be brought in the~~  
19 ~~same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.~~

20            (c) ~~A person~~ An individual under 21 years of age who misrepresents the  
21 ~~person's~~ individual's age by presenting false identification to purchase tobacco

1 products, tobacco substitutes, or tobacco paraphernalia shall be ~~subject to a~~  
2 ~~civil penalty of not more than \$50.00 or provide~~ offered the choice of  
3 providing up to 10 hours of community service; or ~~both~~ participating in a  
4 nationally recognized youth tobacco cessation program to be determined by the  
5 Department of Health. An action under this section shall be brought in the  
6 same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

7 \* \* \*

8 § 1007. FURNISHING TOBACCO TO ~~PERSONS~~ INDIVIDUALS UNDER  
9 21 YEARS OF AGE; PENALTIES; REPORT

10 (a)(1) ~~A person that~~ An individual who sells or furnishes tobacco products,  
11 tobacco substitutes, or tobacco paraphernalia to ~~a person~~ an individual under  
12 21 years of age shall be subject to a civil penalty of not more than ~~\$100.00~~  
13 \$150.00 for the first offense and not more than \$500.00 for any subsequent  
14 offense. An action under this section shall be brought in the same manner as  
15 for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought  
16 within 24 hours ~~of~~ following the occurrence of the alleged violation.

17 (2) In addition to the civil penalty imposed against an individual for a  
18 violation pursuant to subdivision (1) of this subsection, for any subsequent  
19 violation, the licensee may be subject to an administrative penalty and license  
20 suspension or revocation as set forth in subdivision (b)(2) of this section.

1 (b)(1) The Division of Liquor Control shall conduct or contract for  
2 compliance tests of tobacco licensees as frequently and as comprehensively as  
3 necessary to ensure consistent statewide compliance with the prohibition on  
4 sales to ~~persons~~ individuals under 21 years of age of at least 90 percent for  
5 buyers who are between 17 and 20 years of age. An individual under 21 years  
6 of age participating in a compliance test shall not be in violation of section  
7 1005 of this title.

8 (2) Any violation by a tobacco licensee of subsection 1003(a) of this  
9 title ~~and or~~ or this section after a sale violation or during a compliance test  
10 ~~conducted within six months of~~ after a previous violation shall be considered a  
11 multiple violation and shall result in the following administrative penalties and  
12 minimum license ~~suspension~~ suspensions or license revocation, in addition to  
13 any other penalties available under this title. ~~Minimum license suspensions for~~  
14 ~~multiple violations shall be assessed as follows:~~

15 (A) ~~two violations~~ second violation: suspension for two consecutive  
16 weekdays and an administrative penalty of not less than \$1,000.00;

17 (B) ~~three violations 15-day~~ third violation: suspension for 15  
18 consecutive days and an administrative penalty of not less than \$2,000.00;

19 (C) ~~four violations 90-day~~ fourth violation: suspension for 90  
20 consecutive days and an administrative penalty of not less than \$3,500.00; and





1           (1) A knowing or intentional violation of this section shall be punishable  
2           by imprisonment for not more than five years or a fine of not more than  
3           \$5,000.00, or both.

4           (2) In addition to or in lieu of any other civil or criminal remedy  
5           provided by law, upon a determination that a person has violated this section,  
6           the Attorney General may impose a civil penalty in an amount not to exceed  
7           \$5,000.00 for each violation. For purposes of this subsection, each shipment  
8           or transport of cigarettes, roll-your-own tobacco, little cigars, ~~or snuff~~, tobacco  
9           substitutes, substances containing nicotine or otherwise intended for use with a  
10          tobacco substitute, or tobacco paraphernalia shall constitute a separate  
11          violation.

12          (e)(1) On or before January 15 of each year, the Department of Liquor and  
13          Lottery and the Office of the Attorney General shall each report to the House  
14          Committees on Commerce and Economic Development and on Human  
15          Services and the Senate Committees on Economic Development, Housing and  
16          General Affairs and on Health and Welfare regarding enforcement of Vermont  
17          laws relating to online sales of tobacco products, tobacco substitutes, and  
18          tobacco paraphernalia as set forth in this subsection.

19          (2) The Department of Liquor and Lottery shall report at least the  
20          following information for the previous 12-month period:



1       (a) No person shall market, promote, label, brand, advertise, distribute,  
2       possess for sale, offer for sale, or sell a tobacco product or tobacco substitute  
3       by:

4               (1) imitating a product that is not a tobacco product or tobacco  
5       substitute, including:

6                       (A) a food or brand of food commonly marketed to minors, including  
7       candy, desserts, cereal, and beverages;

8                       (B) school supplies commonly used by minors, including erasers,  
9       highlighters, pens, and pencils;

10                      (C) portable devices, including smartphones, smartwatches, video  
11       games or video game consoles, and inhalers; and

12                      (D) a product based on or depicting a character, personality, or  
13       symbol known to appeal to minors, including a celebrity; a character in a  
14       comic book, movie, television show, or video game; or a mythical creature;

15               (2) concealing the nature of the tobacco product or tobacco substitute; or

16               (3) using terms for, describing, or depicting a product described in  
17       subdivision (1) of this subsection.

18               (b)(1) In addition to or in lieu of any other civil or criminal remedy  
19       provided by law, upon a determination that a person has violated this section,  
20       the Attorney General may impose a civil penalty in an amount not to exceed  
21       \$5,000.00 for each violation. For purposes of this subsection, each instance of

1 marketing, promoting, labeling, branding, advertising, distributing, possessing  
2 for sale, offering for sale, or selling a deceptive tobacco product or tobacco  
3 substitute shall constitute a separate violation.

4 (2) In any action brought pursuant to this section, the State shall be  
5 entitled to recover the costs of investigation, of expert witness fees, and of the  
6 action, and reasonable attorney’s fees.

7 (3) A person who violates this section commits an unfair and deceptive  
8 trade practice in commerce in violation of 9 V.S.A. § 2453.

9 (4) In addition to the penalties and remedies described in subdivisions  
10 (1)–(3) of this subsection, the Attorney General has the same authority as  
11 provided under 9 V.S.A. chapter 63, subchapter 1.

12 Sec. 2. 4 V.S.A. § 1102(b) is amended to read:

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

14 \* \* \*

15 (4) Violations of 7 V.S.A. § 1005, relating to ~~possession and~~  
16 ~~procurement of tobacco products~~ misrepresentation of age by a person under  
17 21 years of age to purchase tobacco products.

18 \* \* \*

19 Sec. 3. 7 V.S.A. § 210 is amended to read:

20 § 210. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

21 ADMINISTRATIVE PENALTY

1           (a)(1) The control commissioners, as applicable, or the Board of Liquor  
2           and Lottery shall have power to suspend or revoke any permit or license  
3           granted pursuant to this title in the event the person holding the permit or  
4           license shall at any time during the term of the permit or license conduct its  
5           business in violation of this title, the conditions pursuant to which the permit or  
6           license was granted, or any rule prescribed by the Board of Liquor and Lottery.

7           (2) No revocation shall be made until the permittee or licensee has been  
8           notified and given a hearing before the Board of Liquor and Lottery, unless the  
9           permittee or licensee has been convicted by a court of competent jurisdiction  
10          of violating the provisions of this title.

11          (3) In the case of a suspension, the permittee or licensee shall be notified  
12          and given a hearing before the Board of Liquor and Lottery or the local control  
13          commissioners, whichever applies.

14          (4) Any decision to suspend or revoke a license shall be issued in  
15          writing and set forth the reasons for the suspension or revocation and, if  
16          applicable, the duration of the suspension.

17          (5) ~~A tobacco license may not be suspended or revoked for a first-time~~  
18          ~~violation.~~ Suspension or revocation of a tobacco license shall not affect any  
19          liquor license held by the licensee.

20          (b)(1) In addition to the authority to suspend or revoke any permit or  
21          license, the Board of Liquor and Lottery may impose an administrative penalty

1 of up to \$7,500.00 per violation against a holder of a wholesale dealer’s license  
2 ~~or~~; a holder of a first-, second-, or third-class license; or a holder of any  
3 tobacco license for a violation of the conditions of the license or of this title or  
4 of any rule adopted by the Board.

5 (2) The administrative penalty may be imposed after a hearing before  
6 the Board or after the licensee has been convicted by a court of competent  
7 jurisdiction of violating the provisions of this title.

8 (3) ~~The Board may also impose an administrative penalty under this~~  
9 ~~subsection against a holder of a tobacco license of up to \$250.00 for a first~~  
10 ~~violation and up to \$2,500.00 for subsequent violations. [Repealed.]~~

11 (4) ~~For the first violation during a tobacco or alcohol compliance check~~  
12 ~~during any three-year period, a licensee or permittee shall receive a warning~~  
13 ~~and be required to attend a Division server training class. [Repealed.]~~

14 \* \* \*

15 Sec. 4. 32 V.S.A. § 3102 is amended to read:

16 § 3102. CONFIDENTIALITY OF TAX RECORDS

17 \* \* \*

18 (e) The Commissioner may, in the Commissioner’s discretion and subject  
19 to such conditions and requirements as the Commissioner may provide,  
20 including any confidentiality requirements of the Internal Revenue Service,  
21 disclose a return or return information:

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(25) To the Department of Liquor and Lottery, if such return or information is for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40.

\* \* \*

Sec. 5. 32 V.S.A. § 7702 is amended to read:

§ 7702. DEFINITIONS

As used in this chapter unless the context otherwise requires:

(1) “Cigarette” means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains:

(A) any roll of tobacco wrapped in paper or in any substance not containing tobacco; ~~and~~

(B) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or

(C) any roll of tobacco wrapped in substance containing tobacco that, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in subdivision (A) of this subdivision (1).

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\* \* \*

(5) “Licensed wholesale dealer” ~~shall mean~~ means a wholesale dealer licensed under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b.

\* \* \*

(15)(A) “Other tobacco products” means any product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is intended for human consumption by smoking, chewing, or in any other manner, ~~including~~ except as otherwise specified in subdivision (B) of this subdivision (15).

(B)(i) The term includes products sold as a tobacco substitute, as defined in 7 V.S.A. § 1001(8), ~~and~~ including any liquids, whether nicotine based or not, ~~or~~ and delivery devices sold separately for use with a tobacco substitute, but ~~shall~~ not including nicotine pouches.

(ii) The term does not include cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco as defined in this section, or cannabis products as defined in 7 V.S.A. § 831.

(16) “Wholesale dealer” means a person who imports or causes to be imported into the State any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for

1 the purpose of resale, but not by small quantity or parcel to consumers ~~thereof~~  
2 of these products.

3 (17) “Wholesale dealer’s license” ~~shall mean~~ means the license granted  
4 under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b to a wholesale dealer for  
5 a wholesale outlet.

6 \* \* \*

7 (20) “New smokeless tobacco” means any tobacco product  
8 manufactured from, derived from, or containing tobacco or nicotine, whether  
9 natural or synthetic, including nicotine alkaloids and nicotine analogs, that is  
10 not intended to be smoked, has a moisture content of less than 45 percent, or is  
11 offered in individual single-dose tablets or other discrete single-use units, and  
12 includes nicotine pouches.

13 \* \* \*

14 Sec. 6. 32 V.S.A. § 7776 is amended to read:

15 § 7776. COLLECTION OF CIGARETTE TAX THROUGH

16 NONRESIDENT LICENSED WHOLESALE DEALERS

17 \* \* \*

18 (d) Any person complying with the provisions of this section shall  
19 thereupon become a licensed wholesale dealer within the meaning of 7 V.S.A.  
20 chapter 40 and this chapter and shall be subject to all provisions of ~~the chapter~~

1 both chapters applicable to wholesale dealers, including the furnishing of a  
2 bond specified in ~~subchapter 2~~ section 7703 of this chapter.

3 Sec. 7. 32 V.S.A. § 7821 is amended to read:

4 § 7821. CRIMINAL PENALTIES

5 Any person who shall fail, neglect, or refuse to comply with or shall violate  
6 the provisions of this chapter relating to the tax on tobacco products or the  
7 rules adopted by the Commissioner under this chapter relating to such tax shall  
8 be guilty of a misdemeanor and upon conviction for a first offense shall be  
9 sentenced to pay a fine of not more than \$250.00 or to be imprisoned for not  
10 more than 60 days, or both, such fine and imprisonment in the discretion of the  
11 court, and for a second or subsequent offense shall be sentenced to pay a fine  
12 of not less than \$250.00 nor more than \$500.00 or be imprisoned for not more  
13 than six months, or both, such fine and imprisonment in the discretion of the  
14 court. This section shall not apply to violations of ~~sections 7731–7734 and~~  
15 section 7776 of this title.

16 Sec. 8. REDESIGNATION

17 32 V.S.A. § 7737 (licensed wholesale dealers; bonding) is redesignated as  
18 32 V.S.A. § 7703.

19 Sec. 9. REPEALS

20 32 V.S.A. §§ 7731–7736 (licensure of wholesale dealers) are repealed.

1       Sec. 10. TOBACCO ENFORCEMENT CAPACITY; REPORT

2           (a) The General Assembly finds that the regulation of tobacco products,  
3       tobacco substitutes, and the deceptive devices prohibited by 7 V.S.A. § 1013,  
4       as added by this act, is a significant public health priority, especially with  
5       respect to protecting individuals under 21 years of age from being targeted or  
6       supplied with these products.

7           (b) On or before January 15, 2027, the Department of Liquor and Lottery,  
8       in consultation with the Office of the Attorney General, shall evaluate and  
9       report to the House Committees on Human Services and on Commerce and  
10       Economic Development and the Senate Committees on Health and Welfare  
11       and on Economic Development, Housing and General Affairs regarding the  
12       following:

13           (1) the number of compliance checks that the Department conducted in  
14       fiscal years 2025 and 2026 with respect to tobacco products and tobacco  
15       substitutes;

16           (2) whether the Department’s current enforcement staffing levels are  
17       sufficient to meet the compliance targets established in 7 V.S.A. § 1007(b)(1)  
18       and to adequately enforce 7 V.S.A. chapter 40 as amended by this act,  
19       including the prohibition on deceptive devices in 7 V.S.A. § 1013, the

1 restrictions on internet sales in 7 V.S.A. § 1010, and the expanded wholesale  
2 licensure requirements;

3 (3) any unmet enforcement needs identified as a result of the expanded  
4 scope of regulation under this act; and

5 (4) whether additional staffing resources at the Department of Liquor  
6 and Lottery or the Office of the Attorney General, or both, would materially  
7 improve compliance with and enforcement of Vermont’s tobacco laws.

8 Sec. 11. TAXATION OF TOBACCO SUBSTITUTES; TAX STAMPS;

9 REPORT

10 (a) The Department of Taxes, in collaboration with the Department of  
11 Liquor and Lottery and the Office of the Attorney General and in consultation  
12 with wholesale dealers and other interested stakeholders, shall:

13 (1) identify efficient and effective processes by which to impose taxes  
14 on tobacco substitutes, as defined in 7 V.S.A. § 1001, based on the  
15 concentration of nicotine they contain; and

16 (2) evaluate the continued use of tax stamps as evidence of payment of  
17 the excise tax on cigarettes, little cigars, and roll-your-own tobacco in this  
18 State and consider the advantages and disadvantages of alternative approaches  
19 of certifying tax compliance.

20 (b) On or before January 15, 2027, the Department of Taxes shall provide  
21 its findings and recommendations for taxing tobacco substitutes based on

1 nicotine concentration and regarding the continued use of tax stamps, including  
2 proposed next steps and legislative needs, to the House Committees on Human  
3 Services and on Ways and Means and the Senate Committees on Economic  
4 Development, Housing and General Affairs; on Finance; and on Health and  
5 Welfare.

6 Sec. 12. EFFECTIVE DATES

7 This act shall take effect on July 1, 2026, except that:

8 (1) in Sec. 1 (7 V.S.A. chapter 40), section 1002b (wholesale dealers;  
9 license required) shall take effect on July 1, 2027;

10 (2) in Sec. 5 (32 V.S.A. § 7702), the amendments to subdivisions (5)  
11 (definition of “licensed wholesale dealer”) and (17) (definition of “wholesale  
12 dealer’s license”) shall take effect on July 1, 2027; and

13 (3) Secs. 6 (32 V.S.A. § 7776), 7 (32 V.S.A. § 7821), 8 (redesignation),  
14 and 9 (repeals) shall take effect on July 1, 2027.

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18 (Committee vote: \_\_\_\_\_)

19 \_\_\_\_\_

20 Representative \_\_\_\_\_

21 FOR THE COMMITTEE