HLS 20RS-1292 ORIGINAL

2020 Regular Session

HOUSE BILL NO. 799

1

BY REPRESENTATIVE HUGHES

TOBACCO/TOBACCO PRODUCTS: Provides relative to e-liquid and vapor products

AN ACT

2	To amend and reenact R.S. 26:901(3) through (35) and to enact R.S. 26:901(36) through
3	(40), 910.2, 911(E), 911.1, and 918(E), (F), and (G), relative to tobacco products; to
4	provide relative to e-liquid and vapor products; to provide manufacturing, labeling,
5	marketing and safety requirements; to provide relative to prohibited acts; to provide
6	relative to delivery sales; to provide relative to civil penalties; and to provide for
7	related matters.
8	Be it enacted by the Legislature of Louisiana:
9	Section 1. R.S. 26:901(3) through (35) are hereby amended and reenacted and R.S.
10	26:901(36) through (40), 910.2, 911(E), 911.1, and 918(E), (F), and (G) are hereby enacted
11	to read as follows:
12	§901. Definitions
13	As used in this Chapter, the following terms have the meaning ascribed to
14	them in this Section, unless the context clearly indicates otherwise:
15	* * *
16	(3) "Characterizing flavor" means a distinguishable flavor, taste, or other
17	aroma other than tobacco, mint, or menthol, including but not limited to any fruit,
18	chocolate, vanilla, honey, candy cocoa, dessert, alcoholic beverage, herb,
19	wintergreen, or spice flavoring, that is imparted, prior to or during consumption, by
20	use of a vapor product including liquid nicotine or any smoke or vapor emanating

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1	from that device or product. An e-liquid or vapor product shall be deemed to have
2	a characterizing flavor if the product is advertised or marketed as having or
3	producing any such distinguishable flavor, taste or aroma.
4	(3) (4) "Cigar" includes any roll of tobacco for smoking, irrespective of size
5	or shape, and irrespective of the tobacco being flavored, adulterated, or mixed with
6	any other ingredients, where such roll has a wrapper made chiefly of tobacco.
7	(4) (5) "Cigarette" includes any roll for smoking made wholly or in part of
8	tobacco, irrespective of size or shape and irrespective of the tobacco being flavored,
9	adulterated, or mixed with any other ingredient, where such roll has a wrapper or
10	cover made of paper, or any other material except where such wrapper is wholly or
11	in greater part made of tobacco.
12	(5) (6) "Commissioner" means the commissioner of alcohol and tobacco
13	control.
14	(6) (7) "Dealer" includes every person who manufactures or purchases
15	cigars, cigarettes, alternative nicotine products, e-liquids, vapor products, or other
16	tobacco products for distribution or resale in into or within this state. The term also
17	means any person who imports cigars, cigarettes, alternative nicotine products,
18	e-liquids, vapor products, or other tobacco products from any state or foreign country
19	for distribution, sale, or consumption in this state.
20	(8)(a)"Delivery sale" means a sale of e-liquids or vapor products to a
21	consumer in this state in which the consumer submits the order for the sale:
22	(i) By telephone.
23	(ii) Over the Internet.
24	(iii) Through the mail or another delivery system and the e-liquids or vapor
25	products are shipped through a delivery service.
26	(b) "Delivery sale" does not include a sale of e-liquid or vapor products not
27	for personal consumption to a person who is a manufacturer, wholesale dealer, or
28	retailer.

1	(9) "Delivery service" means a person, including but not limited to the United
2	States Postal Service, that is engaged in the delivery of letters, packages, or
3	containers.
4	(7) (10) "E-liquid" means a substance that does not include cannabis or CBD
5	as defined under the laws of this state and the laws of the United States and which
6	meets all of the following criteria:
7	(a) May or may not contain nicotine.
8	(b) Is intended to be vaporized and inhaled using a vapor product.
9	(c) Is a legal substance under the laws of this state and the laws of the United
10	States.
11	(8) (11) "Exporter license" means the stamping agent designation as set forth
12	in R.S. 26:902(2)(a).
13	(9) (12) "Facility" means a part or portion of an establishment which is
14	designed so as to impede a minor's access to a vending machine by walls or other
15	separation in combination with signs designed to notify the public that persons under
16	the age of eighteen are prohibited from the area.
17	(13) "Health-related statement" means any statement related to health,
18	including statements of a curative or therapeutic nature that, expressly or implicitly,
19	suggest a relationship between the consumption of e-liquids or vapor products and
20	health benefits or effects on health.
21	(10) (14) A "knowing violation or failure" is a knowing or intentional
22	engaging in conduct without a good faith belief that the conduct was consistent with
23	the provisions of this Chapter.
24	(11) (15) "Manufacturer" means anyone engaged in the manufacture,
25	production, or foreign importation of tobacco products who sells to wholesalers.
26	(12) (16) "Person" means any natural person, trustee, company, partnership,
27	corporation, or other legal entity.
28	(13) (17) "Place of business" means the place where the tobacco orders,
29	alternative nicotine products orders, or vapor products orders are received, or where

2 or on or from any other vehicle, the vehicle on which or from which the taxable 3 articles or alternative nicotine products or vapor products are sold by the retail 4 dealer. It also includes the establishment where vending machines are located. 5 (14) (18) "Purchase" means acquisition in any manner, for any consideration. 6 The term shall include transporting or receiving product in connection with a 7 purchase. 8 (15) (19) "Rebate or coupon" means any value-added promotion, preferred 9 customer promotion, periodic promotion, off-invoice allowance, specially marked 10 one-packed deals, special price promotions, market leader promotions, value leader 11 promotions, or any other program or incentive whereby a wholesaler or retailer is 12 required, either directly or indirectly, to pass an incentive on to a consumer and is 13 reimbursed, either directly or indirectly, by a manufacturer, importer, or sales entity 14 affiliate. 15 (16) (20) "Replacement cost" means the cost per unit at which the 16 merchandise sold or offered for sale could have been bought by the seller at any time 17 within thirty days prior to the date of sale or the date upon which it is offered for sale 18 by the seller if bought in the same quantity as the seller's last purchase of the 19 merchandise. 20 (17) (21) "Retail dealer" includes every dealer other than a wholesale dealer, 21 or manufacturer who sells or offers for sale cigars, cigarettes, other tobacco products, 22 alternative nicotine products, or vapor products, irrespective of quantity or the 23 number of sales. If any person is engaged in the business of making sales both at 24 retail and wholesale, "retailer" shall apply only to the retail portion of the business. 25 (18) (22) "Sale" or "sell" means any transfer, exchange, or barter in any 26 manner or by any means for any consideration. The term shall include distributing 27 or shipping product in connection with a sale. References to a sale "in" or "into" a 28 state refer to the state of the destination point of the product in the sale, without 29 regard to where title was transferred. References to sale "from" a state refer to the

the taxable tobacco articles are sold, or if sold by a retail dealer upon a railroad train

2	regard to where title was transferred.
3	(19) (23) "Sales entity affiliate" means an entity that sells cigarettes that it
4	acquires directly from a manufacturer or importer and is affiliated with that
5	manufacturer or importer as established by documentation received directly from
6	that manufacturer or importer to the satisfaction of the attorney general. Entities are
7	affiliated with each other if one, directly or indirectly through one or more
8	intermediaries, controls or is controlled by or is under common control with the
9	other.
10	(20) (24) "Secretary" means the secretary of the Department of Revenue and
11	includes any of his duly authorized assistants.
12	(21) (25) "Self-service display" means any display that contains tobacco
13	products, alternative nicotine products, or vapor products, and is located in an area
14	openly accessible to the retail dealer's customers and from which such customers can
15	readily access tobacco products, alternative nicotine products, or vapor products
16	without the assistance of a salesperson. A display case that holds tobacco products,
17	alternative nicotine products, or vapor products behind locked doors does not
18	constitute a self-service display for purposes of this Chapter.
19	(22) (26) "Sell at retail", "sales at retail", and "retail sale" means any transfer
20	for valuable consideration, made in the ordinary course of trade or in the usual
21	conduct of the seller's business, of title to tangible movable property to the purchaser.
22	(23) (27) "Sell at wholesale", "sales at wholesale", and "wholesale sales"
23	mean any transfer for valuable consideration, made in the ordinary course of trade
24	or the usual conduct of the seller's business, of title to tangible movable property to
25	the purchaser for purposes of resale.
26	(24) (28) "Smokeless tobacco" means any finely cut, ground, powdered, or
27	leaf tobacco that is intended to be placed in the oral or nasal cavity.

sale of cigarettes that are located in that state to the destination in question without

1	(25) (29) "Smoking tobacco" includes granulated, plug cut, crimp cut, ready
2	rubbed, and any other kind and form of tobacco prepared in such manner as to be
3	suitable for smoking in pipe or cigarette.
4	(26) (30) "Stamp" means the impression, device, stamp, label, or print
5	manufactured or printed as prescribed by the secretary by the use of which the tax
6	levied hereunder is paid. By way of extension, and not limitation, the term "stamp"
7	means any impression or character affixed to or which shall be stamped upon
8	commodities by metered stamping machine or device by use of which the tax levied
9	hereunder is paid.
10	(27) (31) "Stamping agent" means a dealer that is authorized to affix tax
11	stamps to packages or other containers of cigarettes under R.S. 47:843 et seq. or any
12	dealer that is required to pay the excise tax or tobacco tax imposed pursuant to R.S.
13	47:841 et seq. on cigarettes.
14	(28) (32) "State directory" or "directory" means the directory compiled by
15	the attorney general under R.S. 13:5073, or, in the case of reference to another state's
16	directory, the directory compiled under the similar law in that other state.
17	(33) "Tamper evident package" means a package having at least one indicator
18	or entry barrier that if breached or missing can reasonably be expected to provide
19	visible evidence to consumers that tampering has occurred.
20	(29) (34) "Tobacconist" means any bona fide tobacco retailer engaged in
21	receiving bulk smoking tobacco for the purpose of blending such tobacco for retail
22	sale at a particular retail outlet where fifty percent or more of the total purchases for
23	the preceding twelve months were purchases of tobacco products, excluding
24	cigarettes.
25	(30) (35) "Tobacco product" means any cigar, cigarette, smokeless tobacco,
26	or smoking tobacco.
27	(31) (36) "Trade discount" means any discount immediately recognized by
28	a wholesale dealer from the manufacturer, importer, or sales entity affiliate or by a
29	retail dealer from a manufacturer, importer, sales entity affiliate, or wholesale dealer.

Trade discount does not include any off-invoice allowances that a wholesale dealer is required, either directly or indirectly, to pass on to a retail dealer or any rebates or coupons as defined in this Chapter that a wholesale or retail dealer is required to offer to the end consumer, but is reimbursed for, either directly or indirectly, by either the manufacturer, importer, sales entity affiliate, or wholesale dealer.

(32) (37) "Vapor product" means any non combustible product containing nicotine or other substances that employs a heating element, power source, electronic circuit, or other electronic, chemical or mechanical means, regardless of shape or size, that can be used to produce vapor from nicotine or other substances. "Vapor product" includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device. "Vapor product" does not include any of the following:

- (a) Product that is a drug pursuant to 21 U.S.C. 321(g)(1).
- (b) Device pursuant to 21 U.S.C. 321(h).
- (c) Combination product described in 21 U.S.C. 353(g).

(33) (38) "Vending machine" means any mechanical, electric, or electronic self-service device which, upon insertion of money, tokens, or any other form of payment, automatically dispenses tobacco products, alternative nicotine products, or vapor products.

(34)(39) "Vending machine operator" means any person who controls the use of one or more vending machines as to the supply of cigarettes or any tobacco products in the machine or the receipts from cigarettes vended through such machines.

(35) (40) "Wholesale dealer" means a dealer whose principal business is that of a wholesaler, who sells cigarettes, cigars, other tobacco products, vapor products, or alternative nicotine products to retail dealers for the purpose of resale, who is a bona fide wholesaler, and fifty percent of whose total tobacco, vapor, and alternative

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following:

nicotine sales are to retail stores other than its own or those of its subsidiaries or parent companies within Louisiana. Wholesale dealer shall include any person in the state who acquires cigarettes solely for the purpose of resale in vending machines, provided such person services fifty or more cigarette vending machines in Louisiana other than his own, and a Louisiana dealer who was affixing cigarette and tobacco stamps as of January 1, 1974. If any person is engaged in the business of making sales at both wholesale and retail, "wholesaler" shall apply only to the wholesale portion of the business. §910.2. Manufacturing, labeling, marketing and safety requirements of e-liquid and vapor products A. Dealers of e-liquid and vapor products shall comply with the following requirements: (1) An e-liquid container shall use a child proof cap that has the child resistant effectiveness as set forth in the federal poison prevention packaging standards, 16 CFR 1700.15(b)(1). (2) An e-liquid container shall use a tamper evident package. The tamper evident package feature must be designed to remain intact when handled in a reasonable manner during the manufacture, distribution and retail display of the e-liquid container. (3) The label on an e-liquid container of any e-liquid containing nicotine shall meet the nicotine addictiveness warning statement requirements as set forth in 21 CFR 1143.3. B. Dealers of e-liquids or vapor products shall not sell, offer for sale, or distribute any e-liquid or vapor product with labeling or packaging attractive to minors. The labeling or packaging of an e-liquid or vapor product is attractive to a minor if it uses packaging or labeling that does any of, but not limited to the

1	(1) Contain the terms candy, candles, kandy, kandeez, buoble guin,
2	"cotton candy", "gummy bear", "cupcake", "soda pop", "lollipop", or "milkshake",
3	or variants in the spelling of these terms.
4	(2) Depict images of juice boxes, soft drinks, cereal, candy, or deserts.
5	(3) Depict images of cartoons, toys, superheroes, children, and any other
6	likeness to images, characters, or phrases, such as "unicorn" that are or have been
7	primarily marketed to minors.
8	(4) Imitate or mimic trademark or trade dress of food products such as candy,
9	cookies, cereal, juice boxes, or soft drinks that are or have primarily been marketed
10	towards minors.
1	(5) Depict images or references to video games, movies, videos, or animated
12	television shows known to appeal to minors.
13	(6) Depict a minor using e-liquid or vapor products.
14	(7) Make any health, medicinal, or therapeutic claims about e-liquid or vapor
15	products.
16	(8) Promote over consumption of e-liquid or vapor products.
17	* * *
18	§911. Acts prohibited
19	* * *
20	E. Retail dealers of e-liquid or vapor products shall not do either of the
21	following:
22	(1) Sell or offer for sale any e-liquid or vapor products containing a
23	characterizing flavor unless all e-liquid or vapor products containing characterizing
24	flavors are stored in and sold from an area in the place of business where persons
25	under the age of eighteen years are prohibited.
26	(2) Sell or offer for sale any e-liquid or vapor product through the use of any
27	unattended, self-service checkout counter, or mechanical device unless the purchaser
28	submits to an authorized employee of the retailer a valid driver's license, selective
29	service card, or other lawful identification which on its face establishes the age of the

1	purchaser as eighteen years or older and there is no reason to doubt the authenticity
2	and correctness of the identification.
3	* * *
4	§911.1. Delivery sales of e-liquid or vapor products
5	A. Except as provided in this Section, no e-liquid or vapor products as
6	defined in R.S. 26:901, produced or manufactured inside or outside of this state, shall
7	be sold or offered for sale in Louisiana, shipped, or transported into or within the
8	state, except to the holder of a dealer's permit.
9	B. E-liquid or vapor products may be sold and shipped directly to a
10	consumer, not for resale, provided that all taxes levied have been paid in full and all
11	of the following apply:
12	(1) The dealer making a delivery sale holds a valid permit as required by this
13	Chapter.
14	(2) The dealer uses an age verification system that establishes the purchaser
15	is of legal age or older.
16	(3) The purchaser is of legal age or older to purchase e-liquid or vapor
17	products in Louisiana.
18	(4) The dealer obtains the electronic mail address of the purchaser.
19	(5) The dealer ships the e-liquid or vapor products only to the purchaser.
20	(6) Before e-liquid or vapor products are shipped in a delivery sale, the dealer
21	shall be paid in full for the purchase and shall accept payment from the purchaser by
22	any of the following:
23	(i) A check drawn on an account in the purchaser's name.
24	(ii) A credit card issued in the purchaser's name.
25	(iii) A debit card issued in the purchaser's name.
26	(7) The e-liquid or vapor product is registered, labeled, and packaged in
27	accordance with all applicable provisions of the laws and regulations of this state and
28	the federal government.

1	(8) The package in which an e-liquid or vapor product is shipped is
2	prominently labeled as containing e-liquid or vapor products.
3	(9) The package in which an e-liquid or vapor product is shipped is received
4	by a person eighteen years of age or older. A person receiving a package of e-liquid
5	or vapor product shall present proof of age as provided in R.S. 26:911(A)(1) at the
6	time of delivery.
7	(10) The packaging contains an invoice indicating the date of shipment,
8	providing a full and complete description of all items included in the shipment, and
9	stating the price thereof.
10	C. Prior to selling or shipping any e-liquid or vapor products directly to a
11	consumer in Louisiana, a dealer domiciled outside of Louisiana shall apply to the
12	state office of alcohol and tobacco control for a permit to engage in delivery sales of
13	e-liquid and vapor products on an application form promulgated by the
14	commissioner. The permit shall be renewed on an annual basis and updated within
15	thirty days of any change of any information contained on the application form. The
16	annual fee for such permit shall be seventy-five dollars.
17	(1) The annual application for authority to make delivery sales to consumers
18	in Louisiana shall include the express agreement of the out-of-state dealer to pay all
19	excise, sales, and use taxes assessed by the state of Louisiana and any political
20	subdivision thereof on e-liquid and vapor products sold and shipped pursuant to this
21	Section. The annual application for authority to make delivery sales to consumers
22	in Louisiana shall also include an express acknowledgment that the dealer has read,
23	understands and consents to the provisions of this Section.
24	(2) Any dealer who makes delivery sales to a consumer in Louisiana pursuant
25	to this Section shall file an annual statement with the office of alcohol and tobacco
26	control indicating the total amount of delivery sales made in the state for the
27	preceding twelve months. The statement shall include the date, name brand, quantity
28	and price of each e-liquid and vapor product sold directly to a consumer in
29	Louisiana.

1	D. All excise, sales, and use taxes due to the state of Louisiana and any
2	political subdivision thereof shall be remitted in the time and manner required by
3	Title 47 of the Louisiana Revised Statutes of 1950 or any regulation promulgated in
4	accordance therewith.
5	E. The commissioner of the office of alcohol and tobacco control or an agent
6	of the commissioner may inspect the books and records of any dealer making
7	delivery sales in Louisiana at any time if the commissioner has reason to suspect a
8	violation of this Section.
9	F. Any dealer who makes a delivery sale of e-liquid or vapor products in
10	Louisiana consents to the jurisdiction of the state of Louisiana.
11	G. Any dealer who makes a delivery sale of e-liquid or vapor products in
12	Louisiana may be vicariously liable for any violation of this Section made by the
13	dealer's employee or agent.
14	H. In addition to prosecution under any criminal laws this state or having any
15	permit or authority granted under this Title suspended or revoked, a dealer who
16	makes a delivery sale of e-liquid or vapor products in violation of this Section or any
17	rule lawfully promulgated pursuant to this Section shall be subject to a civil penalty
18	of not more than twenty-five thousand dollars, the seizure of any e-liquid or vapor
19	products, or both. The commissioner of the office of alcohol and tobacco control
20	may initiate and maintain a civil action in a court of competent jurisdiction to enjoin
21	any violation of this Section and to recover the civil penalty assessed together with
22	all costs and attorney fees incurred by the State incidental to such action.
23	I. The office of alcohol and tobacco control may share any information
24	obtained under this Section with any other state agency or department or the federal
25	government as may be necessary for the enforcement of applicable state and federal
26	laws and regulations.
27	J. In addition to the provisions of this Section, the commissioner may
28	promulgate regulations in accordance with the Administrative Procedure Act relative
29	to delivery sales of e-liquid and vapor products into and within this state as needed

1 to ensure compliance with the laws of the state and the prevention of access to 2 underage persons. 3 4 §918. Civil penalties 5 6 E. Notwithstanding any other provision of this Chapter to the contrary, the 7 commissioner may suspend a permit or penalize any person involved in the sale of 8 any product not authorized by this Chapter. 9 F. Notwithstanding any other provision of this Chapter to the contrary, the 10 commissioner may suspend a permit or penalize any person involved in the sale of 11 e-liquid or vapor products to any person under eighteen years of age. 12 G. The commissioner may promulgate rules in accordance with the 13 Administrative Procedure Act to implement the provisions of this Section. 14

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 799 Original

2020 Regular Session

Hughes

Abstract: Provides manufacturing, labeling, marketing, and safety requirements; specifies which acts are prohibited; provides civil penalties; and provides procedures and guidelines for delivery sales with regard to e-liquid and vapor products and defines "characterizing flavor", "delivery sale", "delivery service", "health related statement", and "tamper evident package".

Present law provides definitions relative to tobacco products.

<u>Proposed law</u> retains <u>present law</u> definitions relative to tobacco products and adds definitions for "characterizing flavor", "delivery sale", "delivery service", "health-related statement", and "tamper evident package".

<u>Proposed law</u> provides manufacturing, labeling, marketing, and safety requirements for eliquid and vapor products that include but are not limited to ensuring that the e-liquid container has a child proof cap and use tamper evident packaging as well as ensuring that the label includes the nicotine addictiveness warning statement and is not being made attractive to minors.

<u>Present law</u> provides for the prohibition of specific acts regarding the sale of tobacco products, alternative nicotine products, and vapor products.

Page 13 of 14

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<u>Present law</u> also provides for the prohibition of specific acts with regard to the wholesale dealer, the retail dealer, and the manufacturer.

<u>Proposed law</u> retains <u>present law</u> and prohibits a retail dealer of e-liquid or vapor products from selling or offering for sale any e-liquid or vapor product containing a characterizing flavor unless stored in an area where people under 18 years of age are prohibited.

<u>Proposed law</u> also prohibits retail dealers from selling or offering for sale any e-liquid or vapor product through the use of a self-service checkout counter or the equivalent unless the purchaser shows an authorized employee valid identification proving that the purchaser is 18 years of age or older.

<u>Proposed law</u> provides for procedures and guidelines with regard to the delivery sales of eliquid and vapor products.

<u>Proposed law</u> provides that e-liquid and vapor products can only be sold or offered for sale by a holder of a dealer's permit.

<u>Proposed law</u> provides that any dealer who makes a delivery sale of e-liquid or vapor products in La. consents to the jurisdiction of this state.

<u>Proposed law</u> allows the dealer to be held vicariously liable for any violation of <u>proposed law</u> made by the dealer's employee or agent.

<u>Present law</u> authorizes the commissioner of alcohol and tobacco control to impose civil penalties that include the revocation or suspension of a permit issued under the authority of Title 26 and the imposition a monetary fine.

<u>Proposed law provides that present law civil penalties are applicable to any person involved in the sale of any product not authorized by present law and any person involved in the sale of e-liquid or vapor products to any person under 18 years of age.</u>

<u>Proposed law</u> also provides that a dealer in violation of <u>proposed law</u> provisions or any rules promulgated by the commission of alcohol and tobacco control is subject to a civil penalty of not more than \$25,000, the seizure of any e-liquid or vapor products, or both.

<u>Proposed law</u> allows the commissioner of alcohol and tobacco to share any information obtained under <u>proposed law</u> with any other state agency or department, or the federal government as may be necessary for the enforcement of applicable state and federal laws and regulations.

<u>Proposed law</u> authorizes the commissioner of alcohol and tobacco control to promulgate rules to implement proposed law provisions.

(Amends R.S. 26:901(3) through (35); Adds R.S. 26:901(36) through (40), 910.2, 911(E), 911.1, and 918(E), (F), and (G))