

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Attorney General	0	0	315,000	0	0	369,000	0	0	258,000
Office of Administrative Hearings	0	0	184,000	0	0	184,000	0	0	184,000
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>499,000</b>	<b>0</b>	<b>0</b>	<b>553,000</b>	<b>0</b>	<b>0</b>	<b>442,000</b>

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	1.3	0	0	315,000	1.4	0	0	369,000	.9	0	0	258,000
Caseload Forecast Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Administrative Hearings	.5	0	0	184,000	.5	0	0	184,000	.5	0	0	184,000
Department of Revenue	.9	243,100	243,100	243,100	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	13.0	0	0	4,971,227	13.0	0	0	4,214,232	13.0	0	0	4,103,232
Department of Health	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>15.7</b>	<b>243,100</b>	<b>243,100</b>	<b>5,713,327</b>	<b>14.9</b>	<b>0</b>	<b>0</b>	<b>4,767,232</b>	<b>14.4</b>	<b>0</b>	<b>0</b>	<b>4,545,232</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

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Prepared by: Val Terre, OFM	Phone: (360) 280-3073	Date Published: Final 2/26/2025
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# Judicial Impact Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 055-Administrative Office of the Courts
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note for Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2025
Agency Preparation: Kerra Lynch	Phone: 3607044029	Date: 02/18/2025
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 02/18/2025
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/20/2025

199,149.00

Request # 88-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This bill makes changes to the regulatory statutes of tobacco products, alternative nicotine products, and vapor products. The definition of “alternative nicotine product” is added to the statute, and an official vapor product directory is established at LCB. The sale or distribution of products not listed in the directory is unlawful.

II. B - Cash Receipts Impact

II. C - Expenditures

No or minimal fiscal impact to the Administrative Office of the Courts.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2025
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 01/24/2025
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/24/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 01/29/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1534 creates the vapor product nicotine directory account coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

There will be some de-minimis work for OST which can be completed within current practices and resources.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1	69,000	246,000	315,000	369,000	258,000
<b>Total \$</b>	69,000	246,000	315,000	369,000	258,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.7	1.8	1.3	1.4	0.9
<b>Account</b>					
Legal Services Revolving Account-State 405-1	69,000	246,000	315,000	369,000	258,000
<b>Total \$</b>	69,000	246,000	315,000	369,000	258,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2025
Agency Preparation: Cassandra Jones	Phone: 360-709-6028	Date: 01/30/2025
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 01/30/2025
OFM Review: Rayanna Evans	Phone: (360) 902-0553	Date: 01/31/2025



## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1 - Amends RCW 26.28.080 to prohibit a person from selling or giving alternative nicotine products to any person under 21 years of age.

Section 2 - Amends RCW 70.155.010 to modify the definition of tobacco product.

Section 3 - Amends RCW 70.155.090 to require a retailer to require a purchaser of vapor products to present identification that shows the purchasers age and that bears the purchaser's signature.

Section 4 - Amends RCW 70.155.100 to modify penalties that may be imposed by the Liquor and Cannabis Board (LCB).

Section 5 - Amends RCW 70.345.010 to add new definitions.

Section 6 - Amends RCW 70.345.030 to specify that a retailer may obtain vapor products only from a licensed distributor.

Section 7 - New section. Requires every manufacturer of a vapor product that contains nicotine that is sold for retail in Washington State to execute and deliver to the LCB a certification that the manufacturer is compliant with the chapter and meets other criteria.

Section 8 - New section. Specifies that information submitted by a manufacturer under Section 7 is confidential and exempt from public disclosure.

Section 9 - New section. Requires a manufacturer to notify the Attorney General (AG) within 30 days of any material change to the certification form.

Section 10 - New section. Requires the LCB to maintain and make publicly available on its website a directory that lists all manufacturers or vapor products containing nicotine for which certification forms have been submitted and approved by the LCB.

Section 11 - New section. Requires the LCB to provide manufacturers notice and an opportunity to cure deficiencies before removing manufacturers of vapor products containing nicotine from the directory. Establishes procedures for removal.

Section 12 - New section. Prohibits the retail sale of vapor products containing nicotine not included in the directory after a certain date.

Section 13 - New section. Establishes penalties for violations of the Sections 7 through 17 of the Act. Specifies when such violations constitute unfair or deceptive acts or practices and unfair methods of competition in the conduct of trade or commerce under the Consumer Protection Act (CPA).

Section 14 - New section. Requires unannounced compliance checks for sellers and distributors of vapor products containing nicotine

Section 15 - New section. Establishes requirements for nonresident or foreign manufacturers of vapor products.

Section 16 - New section. Establishes requirements for nonresident or foreign manufacturers of vapor products.

Section 17 - New section. Defines nicotine analogue. Prohibits any person from selling or delivering nicotine analogue to

any person in this state.

Section 18 - New section. Allows the LCB to adopt rules necessary to implement the Act. Requires the LCB to report annually to the Legislature certain information related to the Act.

Section 19 - New section. Creates an account.

Section 20 - Amends RCW 82.25.030. Requires distributors to keep an inventory showing quantity of vapor products by brand. Allows the Department of Revenue (DOR) to share information obtained under this section that is relevant to a violation of the law of other jurisdictions.

Section 21 - Amends RCW 82.25.095 to allow the DOR or LCB to destroy vapor products that are forfeited under the chapter.

Section 22 - Amends RCW 82.26.010 to define alternative nicotine product.

Section 23 - Amends RCW 82.26.020 to exclude alternative nicotine products from the tax on the sale, handling, and distribution of tobacco products.

Section 24 - Amends 82.26.060 to require distributors to keep inventory of the quantity of tobacco products sold by brand. Allows DOR to share information obtained under this section that is relevant to a violation of the law of other jurisdictions.

Section 25 - Amends RCW 82.26.190 to allow seizure of products offered for sale in violation of certain provisions of this section.

Section 26 - Amends RCW 82.26.200 to specify that retailer may obtain tobacco products only from a licensed distributor.

Section 27 - Amends RCW 82.26.240 to allow destruction of tobacco products subject to forfeiture.

Section 28 - Amends RCW 42.56.270 to exempt from disclosure commercial or financial information submitted by manufacturers to the LCB.

This bill is assumed effective 90 days after the end of the 2025 legislative session

## **II. B - Cash receipts Impact**

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Liquor and Cannabis Board (LCB). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

### **AGO AGENCY ASSUMPTIONS:**

LCB will be billed for non-King County rates:

FY 2026: \$69,000 for 0.3 Assistant Attorney General FTE (AAG), 0.1 Paralegal 2 FTE (PL2) and 0.2 Paralegal 1 FTE (PL1)

FY 2027: \$246,000 for 0.8 AAG, 0.3 PL2 and 0.4 PL1

FY 2028: \$240,000 for 0.8 AAG, 0.3 PL2 and 0.4 PL1

FY 2029 and in each FY thereafter: \$129,000 for 0.4 AAG, 0.1 PL2 and 0.2 PL1

## II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2025 legislative session.

Location of staffing is assumed to be in a non-King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA) is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Government Compliance & Enforcement Division (GCE) Legal Services for the Liquor and Cannabis Board (LCB):

The AGO will bill LCB for legal services based on the enactment of this bill. Beginning in FY 2027 and continuing each year thereafter, GCE assumes approximately four new cases each year challenging the seizure of vapor products because of this bill. GCE also assumes to utilize 40 AAG hours to litigate each case, and that GCE would utilize paralegal services for this new work at a ratio of one Paralegal 2 FTE (PL2) hour for three AAG hours, for a total annual impact of 160 AAG hours (four x 40) and 52 PL hours (four x 13). GCE assumes the civil penalties authorized against manufacturers in Section 13 would result in five new administrative cases each year in FY 2027 and FY 2028, and one new case each year thereafter. GCE further assume that, given the increased complexity of these cases, GCE would utilize an average of 150 AAG hours and 50 PL2 hours on each case, for a total workload increase of: FY 2027 and FY 2028 – 750 AAG hours (5 x 150) and 250 PL hours (5 x 50); FY 2029 and each year thereafter – 150 AAG hours (1 x 150) and 50 PL2 hours (1 x 50). Section 14 of this bill would require the LCB to conduct at least two unannounced compliance checks each year on retailers, distributors, and wholesalers who sell or distribute vapor products containing nicotine. LCB assumes they will be required to conduct more than 8,000 compliance checks each year, which will result in the issuance of 500 administrative violation notices each year. The LCB further assumes that those violation notices will generate 25 new cases each year. GCE assumes that most of these cases would be resolved on summary judgment and, as a result, each case would utilize an average of 10 AAG hours and three PL2 hours. Therefore, beginning in FY 2026 and continuing each year thereafter, these new cases would generate a total annual workload increase of 250 AAG hours (25 x ten) and 75 PL2 hours (25 x three). GCE's assumption is to receive one new judicial review each year, beginning in FY 2027, because of Section 14. GCE further assumes these judicial reviews of license denials would be certified to the Court of Appeals. Because of the more stringent requirements for litigation before the Court of Appeals, GCE assumes each license denial judicial review would utilize an average of 120 AAG hours, for total of 120 AAG hours (one x 120) of new work in FY 2027 and each year thereafter. Finally, Section 18 would authorize the LCB to adopt rules to implement the provisions of the bill. GCE further assumes this new work would occur in FY 2026 and would result in an increase of 15 AAG hours.

As a result of this bill, GCE assumes the following total workload increases:

FY 2026 – 265 AAG hours (250 + 15) and 75 PL2 hours.

FY 2027 – 1,280 AAG hours (160 + 750 + 250 + 120) and 377 PL2 hours (52 + 250 + 75)

FY 2028 – 1,280 AAG hours (160 + 750 + 250 + 120) and 377 PL2 hours (52 + 250 + 75)

FY 2029 – 680 AAG hours (160 + 150 + 250 + 120) and 177 PL2 hours (52 + 50 + 75)  
 FY 2030 – 680 AAG hours (160 + 150 + 250 + 120) and 177 PL2 hours (52 + 50 + 75)  
 FY 2031 – 680 AAG hours (160 + 150 + 250 + 120) and 177 PL2 hours (52 + 50 + 75)

GCE: Total non-King County workload impact:  
 FY 2026: \$49,000 for 0.2 AAG, 0.1 PL2, and 0.1  
 FY 2027 and FY 2028: \$237,000 for 0.7 AAG, 0.2 PL2, and 0.4 PL1  
 FY 2029 and in each FY thereafter: \$126,000 for 0.4 AAG, 0.1 PL2, and 0.1 PL1

## 2. Assumptions for the AGO Licensing & Administrative Law Division (LAL) Legal Services for the LCB:

The AGO will bill LCB for legal services based on the enactment of this bill. LCB assumes they will need advice regarding the creation of a new directory of manufacturers and vapor products containing nicotine and a process for updating the directory (Section 10) and how LCB provides manufacturers notice and process for removing manufacturers from the directory (Section 11). LCB assumes they will also need advice on how the LCB determines which products can't be sold (Section 12), the implementing of a new penalty schedule (Sections 13 and 17), the appointment of agent and service of process (Section 15), the bond and security requirement (Section 16) and interpreting newly amended statutory terms (Section 17 and 22), advice on new recordkeeping requirements and data sharing authority (Section 20 and 24), applicable taxes and tax exemptions (Section 23), changes to sources of tobacco products for tobacco retailers (Section 26), public records exemption advice (Sections 8 and 28), and rulemaking regarding all of the above (Section 18).

LAL: Total non-King County workload impact:  
 FY 2026: \$20,000 for 0.1 AAG and 0.1 PL1  
 FY 2027: \$9,000 for 0.1 AAG and 0.1 PL1  
 FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

Total non-King County workload impact  
 FY 2026: \$69,000 for 0.3 AAG, 0.1 PL2 and 0.2 PL1  
 FY 2027: \$246,000 for 0.8 AAG, 0.3 PL2 and 0.4 PL1  
 FY 2028: \$240,000 for 0.8 AAG, 0.3 PL2 and 0.4 PL1  
 FY 2029 and in each FY thereafter: \$129,000 for 0.4 AAG, 0.1 PL2 and 0.2 PL1

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
405-1	Legal Services Revolving Account	State	69,000	246,000	315,000	369,000	258,000
<b>Total \$</b>			69,000	246,000	315,000	369,000	258,000

**III. B - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.7	1.8	1.3	1.4	0.9
A-Salaries and Wages	48,000	166,000	214,000	249,000	174,000
B-Employee Benefits	14,000	51,000	65,000	77,000	54,000
C-Professional Service Contracts					
E-Goods and Other Services	7,000	27,000	34,000	40,000	28,000
G-Travel		2,000	2,000	3,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	69,000	246,000	315,000	369,000	258,000

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	132,912	0.3	0.8	0.6	0.6	0.4
Management Analyst 5	98,040	0.1	0.3	0.2	0.3	0.2
Paralegal 1	71,148	0.2	0.4	0.3	0.3	0.2
Paralegal 2	78,468	0.1	0.3	0.2	0.2	0.1
<b>Total FTEs</b>		0.7	1.8	1.3	1.4	0.9

**III. D - Expenditures By Program (optional)**

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Government Compliance & Enforcement Division (GCE)	49,000	237,000	286,000	363,000	252,000
Licensing & Administrative Law Division (LAL)	2,000	9,000	11,000	6,000	6,000
<b>Total \$</b>	51,000	246,000	297,000	369,000	258,000

**Part IV: Capital Budget Impact****IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout***Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 101-Caseload Forecast Council
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

<b>Legislative Contact:</b> Peter Clodfelter	<b>Phone:</b> 360-786-7127	<b>Date:</b> 01/23/2025
<b>Agency Preparation:</b> Clela Steelhammer	<b>Phone:</b> 360-664-9381	<b>Date:</b> 02/03/2025
<b>Agency Approval:</b> Clela Steelhammer	<b>Phone:</b> 360-664-9381	<b>Date:</b> 02/03/2025
<b>OFM Review:</b> Danya Clevenger	<b>Phone:</b> (360) 688-6413	<b>Date:</b> 02/11/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attachment.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attachment.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE



**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# **HB 1534**

## **REGULATING TOBACCO, ALTERNATIVE NICOTINE, AND VAPOR PRODUCTS**

**101 – Caseload Forecast Council  
January 30, 2025**

### **SUMMARY**

#### **A brief description of what the measure does that has fiscal impact.**

- Section 1 Amends RCW 26.28.080 (Selling or giving tobacco to minor—Belief of representative capacity, no defense—Penalty) by expanding the definition of a gross misdemeanor offense to include alternative nicotine products and defines what constitutes a nicotine product.
- Section 2 Amends RCW 70.155.010 (Definitions) to include alternative nicotine products in the definition of “Tobacco Product”.
- Section 3 Amends RCW 70.155.090 (Age identification requirement) to include vapor product.
- Section 4 Amends RCW 70.155.100 (Penalties, sanctions, and actions against licensees) by decreasing the time period between violations and the monetary penalties violations by licensees.
- Section 5 Amends RCW 70.345.010 (Definitions) to include definitions for “Alternative Nicotine Products”, “Directory”, and “Timely Filed Premarket Tobacco Product Application”.
- Section 6 Amends RCW 70.345.030 (License required—Must allow inspections—Sale of certain substances prohibited—Penalties) establishing a Class C felony by adding a new sub-subsection (1)(b) that a retailer may only obtain vapor products from a licensed distributor.
- Section 13 Adds a new section to chapter 70.345 RCW, adding a new Class C misdemeanor offense for each time a manufacturer falsely represents any information required by a certification form.

### **EXPENDITURES**

#### **Assumptions**

None.

#### **Impact on the Caseload Forecast Council**

None.

#### **Impact Summary**

This bill:

- Section 1 expands an existing gross misdemeanor offense (Selling or Giving Tobacco to a Minor – RCW 26.28.080);

- Section 2 expands an existing misdemeanor offense (Sampling Tobacco Products – RCW 70.155.050);
- Section 2 expands an existing Class C felony offense (Shipping or transporting tobacco products ordered or purchased by mail or through the internet– RCW 70.155.140);
- Section 6 establishes a new Class C felony offense for retailers who do not obtain vapor products from a licensed distributor; and
- Section 13 establishes a new misdemeanor offense. The added language states “ . . . is guilty of a class C misdemeanor. . .” It is assumed the offense created is a new misdemeanor and not a Class C felony offense.

### **Impact on prison and jail beds**

This bill expands the definition of a gross misdemeanor offense, a misdemeanor offense, and a Class C unranked felony. Additionally, establishes a new unranked Class C felony and a misdemeanor offense. The Caseload Forecast Council (CFC) does not collect data on misdemeanor and gross misdemeanor offenses, and, therefore, cannot reliably estimate bed impacts resulting from the bill.

However, as gross misdemeanor offenses are punishable by a term of confinement of 0-364 days in jail and misdemeanors 0-90 days, any impact should manifest itself as an increased need for jail beds only.

The CFC has no information concerning how many incidents of the newly established misdemeanor and unranked Class C felony offense may occur. As such, the CFC cannot reliably predict bed impacts resulting from the bill. However:

The newly established misdemeanor offense would be punishable by a term of confinement of 0 to 90 days in jail. Therefore, any impact would be on jail beds only.

The newly established unranked Class C felony offense and would be punishable by a standard range term of confinement of 0-12 months in jail. Therefore, any impact would be on jail beds only, except in the case of an aggravated exceptional sentence.

### **Impact on local detention and Juvenile Rehabilitation beds**

The bill expands the definition of a gross misdemeanor offense (Category D offense on the juvenile grid), a misdemeanor offense (Category E offense on the juvenile grid), and a Class C felony offense (Category C on the juvenile grid). Additionally, establishes a new Class C felony and a misdemeanor offense. The CFC does not collect data on misdemeanor and gross misdemeanor offenses, and, therefore, cannot reliably estimate bed impacts resulting from the bill.

However, as Category D and E offenses, the gross misdemeanor and misdemeanor are punishable by Local Sanctions (0-30 days in local juvenile detention). Therefore, increased incidence of this offense would likely impact only local juvenile detention beds.

The Class C felony offenses that are established and expanded, are Category C offenses on the juvenile grid and are punishable by a standard range of between Local Sanctions (confinement of up to 30 days in local juvenile detention) and 15-36 weeks in the Juvenile Rehabilitation beds, depending on the number of prior adjudications. Therefore, increased incidence of these offenses would likely impact both local detention beds and Juvenile Rehabilitation beds.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Hearings Revolving Account-State 484-1	92,000	92,000	184,000	184,000	184,000
<b>Total \$</b>	92,000	92,000	184,000	184,000	184,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
<b>Account</b>					
Administrative Hearings Revolving Account-State 484-1	92,000	92,000	184,000	184,000	184,000
<b>Total \$</b>	92,000	92,000	184,000	184,000	184,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2025
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 01/29/2025
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 01/29/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/30/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 3 amends existing law and now requires all tobacco and vapor purchasers to present ID upon purchase.

Section 6 creates a new requirement that all vapor products must be purchased by licensed distributors.

Section 13 establishes a penalty schedule for violations of the new requirements. Matters such as these are adjudicated by the Office of Administrative Hearings under the existing Tobacco/Vapor Licensing Program.

Section 17(3) makes it unlawful for an individual to sell, give, deliver, or furnish products that contain nicotine analogues.

Section 17(4) proscribes the penalties for violating 17(3).

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

As a central service agency, the Office of Administrative Hearings (OAH) bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill the Liquor & Cannabis Board for the costs related to this proposed legislation.

These cash receipts represent the OAH's authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH's budget.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The Liquor & Cannabis Board estimates that the proposed legislation will result in 25 new appeals being referred to the Office of Administrative Hearings (OAH) per fiscal year beginning in FY 2026. On average, each appeal is expected to take approximately 15 hours of Line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

(1) 1.0 Line ALJ will include cost and FTE for 0.15 Senior ALJ (SALJ), 0.15 Lead ALJ (LALJ), 0.6 Legal Assistant 2 (LA2) (Range 40 step L), and 0.25 administrative support represented as a Management Analyst 5 (MA5) (Range 64 Step L).

(2) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 70, Senior ALJ-range 76, Lead ALJ-range 73).

(3) Benefit rates were analyzed by job class and projected using the latest benefit information available.

(4) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.

(5) Salary projections are based on the current FY 2025 salary tables.

Total workload impact beginning in FY 2026: 0.27 ALJ, 0.16 LA2 and 0.07 MA5. The total cost is rounded to 92,000 per FY.

This bill is assumed effective 90 days after the end of the 2025 legislative session.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
484-1	Administrative Hearings Revolving Account	State	92,000	92,000	184,000	184,000	184,000
Total \$			92,000	92,000	184,000	184,000	184,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	57,000	57,000	114,000	114,000	114,000
B-Employee Benefits	18,000	18,000	36,000	36,000	36,000
C-Professional Service Contracts					
E-Goods and Other Services	15,000	15,000	30,000	30,000	30,000
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays	1,000	1,000	2,000	2,000	2,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	92,000	92,000	184,000	184,000	184,000

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Law Judge	113,712	0.3	0.3	0.3	0.3	0.3
Legal Assistant 2	55,584	0.2	0.2	0.2	0.2	0.2
Management Analyst 5	98,040	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.5	0.5	0.5	0.5	0.5

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Regulatory & Education (REG)	92,000	92,000	184,000	184,000	184,000
Total \$	92,000	92,000	184,000	184,000	184,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*



# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.7	0.1	0.9		
<b>Account</b>					
GF-STATE-State 001-1	235,100	8,000	243,100		
<b>Total \$</b>	235,100	8,000	243,100		

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: (360) 786-7127	Date: 01/23/2025
Agency Preparation: Van Huynh	Phone: (360) 534-1512	Date: 01/30/2025
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 01/30/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 01/30/2025

Request # 1534-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

#### CURRENT LAW:

The other tobacco products statute does not have a definition for "alternative nicotine product."

#### PROPOSAL:

As it pertains to the Department of Revenue (department), the bill amends the other tobacco products statute to include a definition for "alternative nicotine product."

"Alternative nicotine product" is any noncombustible product containing nicotine that is intended for human consumption, whether chewed, absorbed, dissolved, or ingested by any other means. The definition does not include a vapor product or a product regulated as a drug or device by the Food and Drug Administration.

The bill also adds alternative nicotine products to the definition of "tobacco products" but excludes them from tobacco product taxes.

#### EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session. However, due to the time it will take to program this bill's changes, the department cannot implement the bill until January 1, 2026.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

This legislation results in no revenue impact on taxes administered by the department.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

#### ASSUMPTIONS:

This bill affects approximately 4,200 taxpayers.

#### FIRST YEAR COSTS:

The department will incur total costs of \$235,100 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 1.73 FTEs.
  - Amend one administrative rule.
  - Create special notice and update relevant information on the department's website.
  - Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email, web message and paper correspondence.
  - Examine accounts and make corrections as necessary.
  - Gathering requirements, attending implementation meetings, and documenting and testing system changes.
  - Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.

Object Costs - \$18,900.

- Computer system changes, including contract programming.
- Printing and postage.

#### SECOND YEAR COSTS:

The department will incur total costs of \$8,000 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 0.1 FTE.

- Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email, web message and paper correspondence.
- Examine accounts and make corrections as necessary.

#### ONGOING COSTS:

There are no ongoing costs.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.7	0.1	0.9		
A-Salaries and Wages	135,900	4,800	140,700		
B-Employee Benefits	48,900	1,700	50,600		
C-Professional Service Contracts	18,700		18,700		
E-Goods and Other Services	24,800	1,300	26,100		
J-Capital Outlays	6,800	200	7,000		
<b>Total \$</b>	<b>\$235,100</b>	<b>\$8,000</b>	<b>\$243,100</b>		

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
EMS BAND 4	135,635	0.0		0.0		
EXCISE TAX EX 1	47,988	0.1	0.1	0.1		
EXCISE TAX EX 2	59,844	0.1		0.1		
EXCISE TAX EX 3	66,012	0.2		0.1		
EXCISE TAX EX 4	72,924	0.2		0.1		
IT B A-JOURNEY	94,728	0.8		0.4		
MGMT ANALYST4	78,468	0.0		0.0		
TAX INFO SPEC 1	47,988	0.1		0.1		
TAX POLICY SP 2	80,460	0.1		0.1		
TAX POLICY SP 3	91,068	0.1		0.0		
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 2	101,410	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
<b>Total FTEs</b>		<b>1.7</b>	<b>0.1</b>	<b>0.9</b>		

#### III. C - Expenditures By Program (optional)

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

Request # 1534-1-1

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the department will use the expedited process to amend WAC 458-20-185, titled: "Tax on Tobacco."

This rulemaking would affect tobacco products, vapor, cigarette distributors, retailers, and consumers.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.
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### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	13.0	13.0	13.0	13.0	13.0
<b>Account</b>					
Liquor Revolving Account-State 501-1	2,802,611	2,168,616	4,971,227	4,214,232	4,103,232
<b>Total \$</b>	2,802,611	2,168,616	4,971,227	4,214,232	4,103,232

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2025
Agency Preparation: Colin O'Neill	Phone: (360) 664-4552	Date: 01/31/2025
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/31/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/31/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(1) A person who sells or gives, or permits to be sold or given, to any person under the age of 21, any cigar, cigarette, cigarette paper or wrapper, tobacco in any form, alternative nicotine product, or a vapor product is guilty of a gross misdemeanor and is additionally liable for a fine of up to \$500.

Section 1(2): "Alternative nicotine product" has the same meaning as provided in RCW 82.26.010;

Section 2(5): "Tobacco product" means an alternative nicotine product as defined in RCW 82.26.010 or a product that contains tobacco and is intended for human use.

Section 4: Monetary penalty timeframes are changed from a three-year lookup to a two-year lookup. A monetary penalty of \$5,000 is added for the fifth or more violation within any two year period for violations of RCW 70.155.040 (paragraph v). A monetary penalty of \$15,000 is added for the fifth or more violation within two years for violations of RCW 26.28.080. Some monetary penalty amounts are also changed.

Section 5 (8) "Directory" means the directory established in section 10 of this act.

Section 5 (20) "Timely filed premarket tobacco product application" means an application under 21 U.S.C. Sec. 387j for a vapor product containing nicotine derived from tobacco marketed in the United States as of August 8, 2016, that was submitted to the food and drug administration on or before September 9, 2020, and accepted for filing.

Section 5 (21 (b) "Vapor product" does not include any product that meets the definition of alternative nicotine products.

Section 6(1b) A retailer may obtain vapor products only from a licensed distributor. A retailer that obtains vapor products from any person that is not licensed under this chapter, including directly from a manufacturer, must be licensed both as a retailer and a distributor under this chapter and is liable for the tax imposed under RCW 82.25.010 with respect to the vapor products acquired from the unlicensed person that are held for sale, handling, or distribution in this state.

NEW SECTION. Sec. 7. A new section is added to chapter 70.345 RCW to read as follows:

(1) By October 1, 2025, and annually thereafter, every manufacturer of a vapor product that contains nicotine that is sold for retail sale in this state or to a consumer in this state, whether directly or through a distributor, wholesaler, retailer, delivery seller, or similar intermediary or intermediaries, shall execute and deliver to the board a certification, under penalty of perjury on a form and in a manner prescribed by the board, that the manufacturer is compliant with this chapter and that, for each vapor product sold for retail sale in this state or to a consumer in this state:

(a) The manufacturer has received a marketing granted order for the vapor product from the food and drug administration under 21 U.S.C. Sec. 387j;

(b) The manufacturer submitted a timely filed premarket tobacco product application for the vapor product to the food and drug administration under 21 U.S.C. Sec. 387j, and the application either remains under review by the food and drug administration or has received a denial order that has been and remains stayed by the food and drug administration or court order, rescinded by the food and drug administration, or vacated by a court; or

(c) The manufacturer is not required to submit an additional marketing granted order or premarket tobacco product application for the vapor product because the vapor product merely reflects changes to the name, brand style, or packaging of a vapor product that is covered under (a) or (b) of this subsection.

(2) The certification form must list for each vapor product containing nicotine that is sold in this state: Brand name; product name; category including but not limited to disposable vapor product, power unit, device, e-liquid cartridge, or e-liquid pod; and flavor.

(3) Each certification form must be accompanied by:

(a) A copy of the applicable fda paperwork;

(b) A payment of a \$1,000 fee for each vapor product containing nicotine the first time an annual certification form is

delivered to the board and a payment of a \$500 fee for each vapor product containing nicotine the second and each subsequent time an annual certification form is delivered to the board.

NEW SECTION. Sec. 8. A new section is added to chapter 70.345 RCW to read as follows:

Information submitted by a manufacturer under section 7(3)(a) of this act is confidential and exempt from public disclosure under RCW 42.56.270.

NEW SECTION. Sec. 10. A new section is added to chapter 70.345 RCW to read as follows:

(1) Starting January 1, 2026, the board shall maintain and make publicly available on its website a directory that lists all manufacturers and vapor products containing nicotine including brand names, product names, categories including disposable vapor product, e-liquid, e-liquid cartridge, e-liquid pod, and power unit, and flavors, for which certification forms have been submitted and approved by the board.

(2) The board must update the directory at least monthly to ensure accuracy, and establish a process to provide licensed retailers, distributors, and other relevant parties notice of the initial publication of the directory and changes made to the directory in the previous month.

(3) No manufacturer or the manufacturer's vapor products containing nicotine may be included or retained in the directory if the board determines that any of the following apply:

(a) The manufacturer failed to provide a complete and accurate certification as required by section 7(1) of this act;

(b) The manufacturer submitted a certification that does not comply with the requirements of section 7 (2) or (3) of this act;

(c) The manufacturer failed to include with its certification the payment required by section 7(3)(b) of this act;

(d) The manufacturer sold vapor products containing nicotine in this state required to be certified under this chapter during a period when either the manufacturer or the vapor product had not been certified and listed on the directory; or

(e) The information provided by the manufacturer in its certification is determined by the attorney general to contain false information or contains material misrepresentations or omissions.

NEW SECTION. Sec. 11. A new section is added to chapter 70.345 RCW to read as follows:

(1) The board must provide manufacturers notice and an opportunity to cure deficiencies before removing manufacturers or vapor products containing nicotine from the directory.

(2) The board may not remove the manufacturer or its vapor products containing nicotine from the directory until at least 30 days after the manufacturer has been given notice of an intended action setting forth the reasons for removal. Notice is sufficient and deemed to be immediately received by a manufacturer if the notice is sent either electronically or by facsimile to an email address or facsimile number, as the case may be, provided by the manufacturer in its most recent certification filed under section 7 (2) and (3) of this act.

(3) The manufacturer has 15 days from the date of service of the notice of the board's intended action to cure the deficiencies or otherwise establish that the manufacturer or its vapor products containing nicotine should be included in the directory.

(4) Retailers have 30 days following the removal of a manufacturer or its vapor products containing nicotine from the directory to sell such vapor products that were in the retailer's inventory as of the date of removal.

(5) After 30 days following removal from the directory, the vapor products containing nicotine of a manufacturer identified in the notice of removal and intended for retail sale in this state or to a consumer in this state are subject to seizure, in accordance with RCW 82.25.095, from distributors and retailers, forfeiture from distributors and retailers, and destruction or disposal, and may not be purchased or sold for retail sale in this state or to a consumer in this state. The cost of the seizure, forfeiture, and destruction or disposal must be borne by the person from whom the vapor products are confiscated.

NEW SECTION. Sec. 12. A new section is added to chapter 70.345 RCW to read as follows:

(1) Except as provided in subsections (2) and (3) of this section, beginning January 1, 2026, or on the date that the board first makes the directory available for public inspection on its official website, whichever is later, vapor products containing nicotine not included in the directory may not be sold for retail sale in this state, either directly or through an importer, distributor, wholesaler, retailer, or similar intermediary or intermediaries.

(2) Each retailer has 60 days from the date that the board first makes the directory available for inspection on its public website to sell vapor products containing nicotine that were in its inventory and not included in the directory or remove those vapor products from inventory.

(3) Each distributor or wholesaler has 60 days from the date that the board first makes the directory available for inspection on its public website to remove vapor products containing nicotine intended for retail sale in the state that are not included in the directory from its inventory.

(4) After 60 days following publication of the directory, vapor products containing nicotine not listed in the directory and intended for retail sale in this state or to a consumer in this state are subject to seizure, forfeiture, and destruction or disposal, and may not be purchased or sold for retail sale in this state or to a consumer in this state except as provided in subsections (2) and (3) of this section. The cost of such seizure, forfeiture, and destruction or disposal must be borne by the person from whom the vapor products are confiscated.

NEW SECTION. Sec. 13. Details penalties for violations of sections 7 through 17 of this act. Specifies that the cost of seizure and disposal and destruction must be borne by the person from whom the vapor products are confiscated, and not by the Board.

NEW SECTION. Sec. 14. A new section is added to chapter 70.345 RCW to read as follows:

Each retailer, distributor, and wholesaler that sells or distributes vapor products containing nicotine in this state are subject to at least two unannounced compliance checks annually for purposes of enforcing this section. Unannounced follow-up compliance checks of all noncompliant retailers, distributors, and wholesalers must be conducted within 30 days after any violation of sections 7 through 17 of this act. The board must publish the results of all compliance checks at least annually and make the results available to the public on request. The requirements of this section do not apply to an Indian tribal organization, Indian retailer, or Indian distributor, as those terms are defined in RCW 82.25.105.

NEW SECTION. Sec. 15. A new section is added to chapter 70.345 RCW to read as follows:

(1) Any nonresident or foreign manufacturer that has not registered to do business in the state as a foreign corporation or business entity must, as a condition precedent to having its vapor products containing nicotine included or retained in the directory, appoint and continually engage without interruption the services of an agent in this state to act as agent for the service of process on whom all process, and any action or proceeding against it concerning or arising out of the enforcement of sections 7 through 17 of this act, may be served in any manner authorized by law.

NEW SECTION. Sec. 16. A new section is added to chapter 70.345 RCW to read as follows:

(1) Any nonresident or foreign manufacturer that has not registered to do business in the state as a foreign corporation or business entity must, as a condition precedent to having its name or its vapor products containing nicotine listed and retained in the directory, submit to the board a surety bond or other cash security payable to the state of Washington in the amount of \$25,000. The bond must be posted by a corporate surety located within the United States.

NEW SECTION. Sec. 17. A new section is added to chapter 70.345 RCW to define “Nicotine analogue.”

(3) It is unlawful for any person to sell, give, deliver, or furnish to a person in this state a product that contains a nicotine analogue.

NEW SECTION. Sec. 18. A new section is added to chapter 70.345 RCW to read as follows:

(1) The board may adopt rules necessary to implement sections 7 through 17 of this act.

(2) Starting July 1, 2026, and annually thereafter, the board must provide a report to the legislature regarding: The status of the directory, manufacturers, and vapor products containing nicotine included in the directory; revenue and expenditures related to administration of this section; and enforcement activities undertaken under sections 7 through 17 of this act.

NEW SECTION. Sec. 19. A new section is added to chapter 70.345 RCW to read as follows:

The vapor product nicotine directory account is created in the state treasury. All receipts from monetary penalties under sections 7 through 18 of this act must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may only be used by the board for implementation of sections 7 through 17 of



this act.

Sec. 22. RCW 82.26.010 is amended to read as follows:

(3)(a) "Alternative nicotine product" means any noncombustible product containing nicotine that is intended for human consumption, whether chewed, absorbed, dissolved, or ingested by any other means.

(b) "Alternative nicotine product" does not include a vapor product or a product regulated as a drug or device by the food and drug administration.

Sec. 23. RCW 82.26.020 is amended to exclude alternative nicotine products from tobacco taxes.

## **II. B - Cash receipts Impact**

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Section 7(3): requires each manufacturer whose vapor products are sold in Washington state, to pay \$1,000 for each vapor product containing nicotine, the first time they submit a certification form for that product and a payment of \$500 annually thereafter for each product.

The agency does not know how many manufacturers of vapor products containing nicotine have their products sold in Washington state or how many might comply with this requirement. A large number of vapor manufacturers are either out-of-state or out-of-country (many in China) and so enforcing this requirement would be very difficult.

In addition, the agency does not currently track the number of vapor products containing nicotine sold within Washington state.

Therefore, for those reasons, the cash receipt impact is INDETERMINATE.

## **II. C - Expenditures**

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

### **BOARD DIVISION (CENTRAL SERVICE COSTS):**

The Office of Administrative Hearings expects to bill the Board for referrals of cases to their agency - \$92,000/year ongoing.

The Attorney General's Office expects to bill the Board for legal work related to this bill:

FY26: \$69,000

FY27: \$246,000

FY28: \$240,000

FY29+: \$129,000

\*\*\*

### **FINANCE DIVISION:**

A new "Vapor" unit will be established in the agency's Finance division. This unit will collaborate closely with the Enforcement division to ensure accurate tracking of payment receipts, certification forms, vapor products, and annual notifications, as well as to develop processes that ensure manufacturers remain compliant.

This unit will also need to maintain the online vapor product directory.

1.0 FTE Fiscal Analyst 5 - \$125,791/yr (\$118,861 salary/benefits, \$6,930 in associated costs). Onetime costs in FY26 of \$6,305 for equipment purchases.

1.0 FTE Fiscal Analyst 3 - \$105,069/yr (\$98,139 salary/benefits, \$6,930 in associated costs). Onetime costs in FY26 of \$6,305 for equipment purchases.

\*\*\*

ENFORCEMENT DIVISION:

The Washington State Liquor and Cannabis Board ("Board") keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

The agency expects the workload impact from this bill to be driven by compliance checks, violation notice issuances, rechecks, and licensee support and education. Please see the attached "1534 HB Tobacco Nicotine Vapor - Enforcement Field Increment Calculator.pdf" for the workload calculations.

The workload impact is 9 LEO2's and due to the need for balance with supervisors (LEO4's), 2 additional LEO4's are also required.

9.0 FTE LCB Enforcement Officer 2 - \$1,275,534/yr (\$1,067,904 salary/benefits, \$207,630 in associated costs). Onetime costs in FY26 of \$326,925 for equipment purchases.

2.0 FTE LCB Enforcement Officer 4 - \$324,222/yr (\$278,082 salary/benefits, \$46,140 in associated costs). Onetime costs in FY26 of \$64,210 for equipment purchases.

\*\*\*

INFORMATION TECHNOLOGY DIVISION:

The agency anticipates a one-time workload for a contractor to implement this bill:

BI/SSRS reports: \$92,250 (615 hrs x \$150/hr)

New interface and portal: \$315,000 (2,100 hrs x \$150/hr)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
501-1	Liquor Revolving Account	State	2,802,611	2,168,616	4,971,227	4,214,232	4,103,232
Total \$			2,802,611	2,168,616	4,971,227	4,214,232	4,103,232

**III. B - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	13.0	13.0	13.0	13.0	13.0
A-Salaries and Wages	1,146,372	1,146,372	2,292,744	2,292,744	2,292,744
B-Employee Benefits	416,614	416,614	833,228	833,228	833,228
C-Professional Service Contracts					
E-Goods and Other Services	845,265	455,530	1,300,795	788,060	677,060
G-Travel	144,100	138,600	282,700	277,200	277,200
J-Capital Outlays	250,260	11,500	261,760	23,000	23,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	2,802,611	2,168,616	4,971,227	4,214,232	4,103,232

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Fiscal Analyst 3	71,148	1.0	1.0	1.0	1.0	1.0
Fiscal Analyst 5	88,800	1.0	1.0	1.0	1.0	1.0
LCB Enforcement Officer 2	86,712	9.0	9.0	9.0	9.0	9.0
LCB Enforcement Officer 4	103,008	2.0	2.0	2.0	2.0	2.0
<b>Total FTEs</b>		13.0	13.0	13.0	13.0	13.0

**III. D - Expenditures By Program (optional)**

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Board Division (010)	161,000	338,000	499,000	553,000	442,000
Finance Division (020)	243,470	230,860	474,330	461,720	461,720
Enforcement Division (060)	1,990,891	1,599,756	3,590,647	3,199,512	3,199,512
Information Technology Division (070)	407,250		407,250		
<b>Total \$</b>	2,802,611	2,168,616	4,971,227	4,214,232	4,103,232

**Part IV: Capital Budget Impact****IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

NEW SECTION. Sec. 18. A new section is added to chapter 70.345 RCW to read as follows:  
(1) The board may adopt rules necessary to implement sections 7 through 17 of this act.

Enforcement Field Increment (FI) Calculator				
1534 HB "Tobacco Nicotine Vapor"				
	Number of events	Time Factor	Staffing Factor	FI Total
Vapor retailer compliance checks	8086	2	1.3	21024
Vape Producers and Distributors checks	536	6	1.3	4181
Administrative Violation Notice (AVN) Issuance	526	12	1.3	8199
Vapor retailer Premises rechecks due to failure	526	1	2	1051
License Support and Education	404	5	1.3	2628
<u>Factors</u>	<u>Values</u>			
Vapor retailer licensees	4043			
Vapor producers/distributors	268			
Vapor retailer compliance checks	2			
Vape Producers and Distributors checks	2			
Administrative Violation Notice (AVN) Issuance	526			
Vapor retailer Premises rechecks due to failure	526			
License Support and Education	10%			
			Total FI's	37,083
			Total Field Increments per FTE	4,220
			FTE's required	8.79
			Round	9.00

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 HB	<b>Title:</b> Tobacco, nicotine, and vapor	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

<b>Legislative Contact:</b> Peter Clodfelter	<b>Phone:</b> 360-786-7127	<b>Date:</b> 01/23/2025
<b>Agency Preparation:</b> Katherine Wolf	<b>Phone:</b> 3602363000	<b>Date:</b> 01/24/2025
<b>Agency Approval:</b> Kristin Bettridge	<b>Phone:</b> 3607911657	<b>Date:</b> 01/24/2025
<b>OFM Review:</b> Amy Hatfield	<b>Phone:</b> (360) 280-7584	<b>Date:</b> 01/27/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill updates language throughout statute including 70.345 RCW and 70.255 RCW to impose new regulations on commercial tobacco, alternative nicotine, and vapor products in Washington.

The bill does not require the Department of Health to adopt rules or accomplish any other work; as a result, there is No Fiscal Impact.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*



# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1534 HB	Title: Tobacco, nicotine, and vapor
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**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- ☒ Cities: Indeterminate local law enforcement and jail expenditures as a result of processing incidents of new and expanded criminal offenses
- ☒ Counties: Indeterminate local law enforcement, prosecutor, public defender, jail, juvenile detention expenditures as a result of processing incidents of new and expanded criminal offenses
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

**Part II: Estimates**

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Number of new and expanded criminal offenses that may occur and resulting sentences

**Estimated revenue impacts to:**

None

**Estimated expenditure impacts to:**

Non-zero but indeterminate cost and/or savings. Please see discussion.

**Part III: Preparation and Approval**

Fiscal Note Analyst: James Vogl	Phone: 360-480-9429	Date: 01/30/2025
Leg. Committee Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2025
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/30/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/31/2025

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

Section 1 of the proposed legislation would amend RCW 26.28.080, specifying that a person who sells or gives, or permits to be sold or given, alternative nicotine products to a person under the age of 21 would be guilty of a gross misdemeanor. The amendments in this section would add a definition for “alternative nicotine product.”

Section 2 would amend RCW 70.155.010, adding alternative nicotine product to the definition of “tobacco product.”

Section 6 would amend RCW 70.345.030, specifying that a retailer may obtain vapor products only from a licensed distributor and that a retailer that obtains vapor products from any person that is not licensed under chapter 70.345 RCW must be licensed both as a retailer and a distributor. Violations of this subsection are punishable as a class C felony.

Section 13 would add a new section to chapter 70.345 RCW, specifying that a manufacturer that falsely represents any information required by a certification form is guilty of a class C misdemeanor for each false representation.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

The proposed legislation would have an indeterminate impact on local government expenditures.

According to the Caseload Forecast Council’s (CFC) fiscal note for this bill, sections 1, 2, 6 and 13 would expand the definitions of an existing gross misdemeanor, misdemeanor and class C felony, and would create a new misdemeanor and class C felony (the CFC assumes the new offense created by section 13 and identified as a "class C misdemeanor" would be a misdemeanor and not a class C felony). The CFC indicates that any impact from these changes would manifest itself as an increased demand for jail beds, but it cannot reliably estimate what these bed impacts may be. Accordingly, the local government expenditure impact of an increased demand for jail beds as a result of the bill’s provisions is indeterminate.

Misdemeanors are punishable by 0-90 days in jail, gross misdemeanors by 0-364 days in jail and class C felonies by 0-12 months in jail. The 2025 Local Government Fiscal Note Program Criminal Justice Cost Model estimates that the average daily cost to occupy a jail bed is \$145.

Additionally, the CFC indicates that expanding the definitions of an existing gross misdemeanor, misdemeanor and class C felony, and creating a new misdemeanor and class C felony could also increase demand for local juvenile detention beds, but it cannot reliably estimate what these bed impacts may be. Accordingly, the local government expenditure impact of an increased demand for juvenile detention beds as a result of the bill’s provisions is indeterminate.

Misdemeanors and gross misdemeanors are punishable by 0-30 days in local juvenile detention, and class C felonies are punishable by between 0-30 days in local juvenile detention and 15-36 weeks in juvenile rehabilitation. The Local Government Fiscal Note Program does not have detailed information on the costs of juvenile detention, however the average daily rate for juvenile detention beds is generally higher than the same figure for a jail bed.

Finally, local law enforcement, prosecutors and public defenders could incur increased costs as a result of processing additional incidents of the new and expanded offenses that would result from the bill’s provisions. It is unknown, however, how many such additional incidents may occur, so the magnitude of any resulting local government expenditure impact is indeterminate. The 2025 Local Government Fiscal Note Program Criminal Justice Cost Model estimates that the combined law enforcement, prosecution and public defense costs of processing an incident of a misdemeanor to a class C drug offense range from \$2,477 to \$7,312.

## C. SUMMARY OF REVENUE IMPACTS

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

The proposed legislation would have no impact on local government revenues.

### SOURCES:

Local Government Fiscal Note Program Criminal Justice Cost Model, 2025

Washington State Caseload Forecast Council



# Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
1534 HB	Tobacco, nicotine, and vapor

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

Administrative Office of the Courts Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Caseload Forecast Council	0	0	0	0	0	0	0	0	0	0	0
Office of Administrative Hearings	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	0	0	0	0	0	0	0	0	0
Liquor and Cannabis Board Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Department of Health	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 055 Administrative Office of the Courts
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☐ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☒ **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

### Biennial Totals

## Narrative Explanation (Required for Indeterminate Cash Receipts)

The new penalties could potentially result in some amount of fee revenue. However, there is no judicial data available to estimate the total amount of penalties that would be collected.

Agency Preparation: Kerra Lynch	Phone: 3607044029	Date: 2/18/2025 3:24:59 pm
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 2/18/2025 3:24:59 pm
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 1/24/2025 10:53:45 am
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 1/24/2025 10:53:45 am
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 100 Office of Attorney General
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Cassandra Jones	Phone: 360-709-6028	Date: 1/30/2025 8:25:06 pm
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 1/30/2025 8:25:06 pm
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 101 Caseload Forecast Council
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Clela Steelhammer	Phone: 360-664-9381	Date: 2/3/2025 2:41:43 pm
Agency Approval: Clela Steelhammer	Phone: 360-664-9381	Date: 2/3/2025 2:41:43 pm
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm





# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 110 Office of Administrative Hearings
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 1/29/2025 3:57:40 pm
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 1/29/2025 3:57:40 pm
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Van Huynh	Phone: 360-534-1512	Date: 1/30/2025 11:26:30 an
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 1/30/2025 11:26:30 an
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pr



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 195 Liquor and Cannabis Board
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☐ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☒ **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

### Biennial Totals

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 7(3): requires each manufacturer whose vapor products are sold in Washington state, to pay \$1,000 for each vapor product containing nicotine, the first time they submit a certification form for that product and a payment of \$500 annually thereafter for each product.

The agency does not know how many manufacturers of vapor products containing nicotine have their products sold in Washington state or how many might comply with the requirement. A large number of vapor manufacturers are either out-of-state or out-of-country (many in China) and so enforcing this requirement would be very difficult.

In addition, the agency does not currently track the number of vapor products containing nicotine sold within Washington state.

Therefore, for those reasons, the cash receipt impact is INDETERMINATE.

Agency Preparation: Colin O'Neill	Phone: (360) 664-4552	Date: 1/31/2025 10:08:48 am
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 1/31/2025 10:08:48 am
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm



# Ten-Year Analysis

<b>Bill Number</b> 1534 HB	<b>Title</b> Tobacco, nicotine, and vapor	<b>Agency</b> 303 Department of Health
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

☒ **No Cash Receipts**      ☐ **Partially Indeterminate Cash Receipts**      ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Katherine Wolf	Phone: 3602363000	Date: 1/24/2025 4:13:53 pm
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 1/24/2025 4:13:53 pm
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 2/26/2025 6:35:44 pm