

---

**Commerce & Labor Committee**

---

**HB 1435**

**Brief Description:** Modifying licensing provisions for cigarettes and tobacco products.

**Sponsors:** Representatives Condotta and Conway; by request of Liquor Control Board.

**Brief Summary of Bill**

- Provides the Liquor Control Board with administrative authority to approve, deny, suspend, and revoke retail, wholesale, or distributor cigarette and tobacco product licenses.
- Requires that applicants for a tobacco retailer license undergo a criminal background check.

**Hearing Date:** 2/4/09

**Staff:** Kate Moeur White (786-5793) and Joan Elgee (786-7106)

**Background:**

Persons selling cigarettes or tobacco products in this state are required to hold either a wholesaler or retailer cigarette license or a distributor or retailer tobacco products license (for all tobacco products other than cigarettes) through the Department of Licensing's Master License Service. The license fee for cigarette wholesalers or tobacco products distributors is \$650 for the first location and \$115 for each additional place of business. The license fee for cigarette or tobacco products retailers is \$93 for each location. A criminal background check is required for a cigarette wholesaler license and a tobacco distributor license.

The Department of Revenue (Department) is charged with adopting rules regarding the regulation of cigarette and tobacco wholesaler, distributor, and retailer licensees. The Department has the authority to refrain from issuing a license if the Department has reasonable cause to believe that an applicant is willfully withholding information or providing false or misleading information. Cigarette wholesalers are required to affix a stamp, designed and issued

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

by the Department, onto each package of cigarettes for the purposes of identifying whether the cigarette tax levy has been paid for each unit.

The Washington State Liquor Control Board (Board) is charged with enforcing the tax on tobacco products provisions. The Board's Tobacco Tax Enforcement Unit was formed in June of 1997 to enforce assessment of unpaid tobacco taxes for state collection by the Department. The Tobacco Tax Enforcement Unit ensures that people who sell tobacco in Washington are properly licensed, have paid the appropriate state taxes, and do not sell tobacco to those under 18 years of age.

**Summary of Bill:**

The Liquor Control Board (Board) is given the administrative authority, currently vested in the Department of Revenue, to approve, deny, suspend, or revoke retail, wholesale, or distributor cigarette and tobacco product licenses. A criminal background check is required for a wholesaler's, retailer's, and distributor's license. The Board may consider any prior criminal conduct of the applicant, including an administrative violation history record with the Board. If the Board makes an initial decision to deny a license or renewal, or suspend or revoke a license, the applicant may request a hearing under the Administrative Procedure Act.

Cigarette and tobacco licenses must be exhibited in the place of business for which they are issued and in the manner currently required for the display of a master license.

**Rules Authority:** The bill does not address the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.