

HOUSE BILL 2969

State of Washington 64th Legislature 2016 Regular Session

By Representatives Harris, Cody, Pollet, Robinson, and Jinkins

Read first time 02/03/16. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to vapor product taxation; amending RCW
2 66.08.145, 66.44.010, 82.24.510, 82.24.550, 82.26.060, 82.26.080,
3 82.26.150, 82.26.220, and 82.32.300; adding a new chapter to Title 82
4 RCW; creating a new section; prescribing penalties; and providing an
5 effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 PART I
8 Tax on Vapor Products

9 NEW SECTION. Sec. 101. The definitions in this section apply
10 throughout this chapter unless the context clearly requires
11 otherwise.

12 (1) "Actual price" means the total amount of consideration for
13 which vapor products are sold, valued in money, whether received in
14 money or otherwise, including: (a) Any charges by the seller
15 necessary to complete the sale such as charges for delivery, freight,
16 transportation, or handling; and (b) in the case of a taxpayer
17 importing vapor products into the state, any expenses of the taxpayer
18 or any person affiliated with the taxpayer that are necessary to
19 complete the importation, such as delivery, freight, transportation,
20 federal taxes, or handling of the product.

1 (2) "Affiliated" means related in any way by virtue of any form
2 or amount of common ownership, control, operation, or management.

3 (3) "Board" means the state liquor and cannabis board.

4 (4) "Business" means any trade, occupation, activity, or
5 enterprise engaged in for the purpose of selling or distributing
6 vapor products in this state.

7 (5) "Distributor" means: (a) Any person engaged in the business
8 of selling vapor products in this state who brings, or causes to be
9 brought, into this state from without the state any vapor products
10 for sale; (b) any person who makes, manufactures, fabricates, or
11 stores vapor products in this state for sale in this state; (c) any
12 person engaged in the business of selling vapor products without this
13 state who ships or transports vapor products to retailers in this
14 state, to be sold by those retailers; and (d) any person engaged in
15 the business of selling vapor products in this state who handles for
16 sale any vapor products that are within this state but upon which tax
17 has not been imposed.

18 (6) "Indian country" means the same as defined in chapter 82.24
19 RCW.

20 (7) "Manufacturer" means a person who manufactures and sells
21 vapor products.

22 (8) "Manufacturer's representative" means a person hired by a
23 manufacturer to sell or distribute the manufacturer's vapor products
24 and includes employees and independent contractors.

25 (9) "Person" means: Any individual, receiver, administrator,
26 executor, assignee, trustee in bankruptcy, trust, estate, firm,
27 copartnership, joint venture, club, company, joint stock company,
28 business trust, municipal corporation, corporation, limited liability
29 company, association, or society; the state and its departments and
30 institutions; any political subdivision of the state of Washington;
31 and any group of individuals acting as a unit, whether mutual,
32 cooperative, fraternal, nonprofit, or otherwise. "Person" does not
33 include any person immune from state taxation, including the United
34 States or its instrumentalities, and federally recognized Indian
35 tribes and enrolled tribal members, conducting business within Indian
36 country.

37 (10) "Place of business" means any place where vapor products are
38 sold or where vapor products are manufactured, stored, or kept for
39 the purpose of sale, including any vessel, vehicle, airplane, or
40 train.

1 (11) "Retail outlet" means each place of business from which
2 vapor products are sold to consumers.

3 (12) "Retailer" means any person engaged in the business of
4 selling vapor products to ultimate consumers.

5 (13)(a) "Sale" means any transfer, exchange, or barter, in any
6 manner or by any means whatsoever, for a consideration, and includes
7 and means all sales made by any person.

8 (b) "Sale" includes a gift by a person engaged in the business of
9 selling vapor products, for advertising, promoting, or as a means of
10 evading the provisions of this chapter.

11 (14)(a) "Taxable sales price" means:

12 (i) In the case of a taxpayer that is not affiliated with the
13 manufacturer, distributor, or other person from whom the taxpayer
14 purchased vapor products, the actual price for which the taxpayer
15 purchased the vapor products;

16 (ii) In the case of a taxpayer that purchases vapor products from
17 an affiliated manufacturer, affiliated distributor, or other
18 affiliated person, and that sells those vapor products to
19 unaffiliated distributors, unaffiliated retailers, or ultimate
20 consumers, the actual price for which that taxpayer sells those vapor
21 products to unaffiliated distributors, unaffiliated retailers, or
22 ultimate consumers;

23 (iii) In the case of a taxpayer that sells vapor products only to
24 affiliated distributors or affiliated retailers, the price,
25 determined as nearly as possible according to the actual price, that
26 other distributors sell similar vapor products of like quality and
27 character to unaffiliated distributors, unaffiliated retailers, or
28 ultimate consumers;

29 (iv) In the case of a taxpayer that is a manufacturer selling
30 vapor products directly to ultimate consumers, the actual price for
31 which the taxpayer sells those vapor products to ultimate consumers;

32 (v) In the case of a taxpayer that has acquired vapor products
33 under a sale as defined in subsection (13)(b) of this section, the
34 price, determined as nearly as possible according to the actual
35 price, that the taxpayer or other distributors sell the same vapor
36 products or similar vapor products of like quality and character to
37 unaffiliated distributors, unaffiliated retailers, or ultimate
38 consumers;

39 (vi) In cases where section 102(2)(b) of this act applies, the
40 value of the article used as defined in RCW 82.12.010; or

1 (vii) In any case where (a)(i) through (vi) of this subsection do
2 not apply, the price, determined as nearly as possible according to
3 the actual price, that the taxpayer or other distributors sell the
4 same vapor products or similar vapor products of like quality and
5 character to unaffiliated distributors, unaffiliated retailers, or
6 ultimate consumers.

7 (b) For purposes of (a)(i) and (ii) of this subsection only,
8 "person" includes both persons as defined in subsection (9) of this
9 section and any person immune from state taxation, including the
10 United States or its instrumentalities, and federally recognized
11 Indian tribes and enrolled tribal members, conducting business within
12 Indian country.

13 (c) In any case where the taxable sales price is not indicative
14 of a vapor product's true value at the time and place of the taxable
15 event as provided in section 102(2)(a) of this act, "taxable sales
16 price" means the true value of the vapor product as determined by the
17 department. For purposes of this subsection, "true value" means
18 market value based on sales at comparable locations in this state of
19 the same or similar vapor product of like quality and character sold
20 under comparable conditions of sale by comparable sellers to
21 comparable purchasers. However, in the absence of such comparable
22 sales, true value means the value of the vapor product as determined
23 by all of the taxpayer's direct and indirect costs attributable to
24 the vapor product.

25 (15) "Taxpayer" means a person liable for the tax imposed by this
26 chapter.

27 (16) "Unaffiliated distributor" means a distributor that is not
28 affiliated with the manufacturer, distributor, or other person from
29 whom the distributor has purchased vapor products.

30 (17) "Unaffiliated retailer" means a retailer that is not
31 affiliated with the manufacturer, distributor, or other person from
32 whom the retailer has purchased vapor products.

33 (18)(a) "Vapor product" means any noncombustible product
34 containing a solution or other consumable substance, regardless of
35 whether it contains nicotine, that employs a mechanical heating
36 element, battery, or electronic circuit regardless of shape or size
37 that can be used to produce vapor from the solution or other
38 substance, including an electronic cigarette, electronic cigar,
39 electronic cigarillo, electronic pipe, or similar product or device.
40 The term also includes any cartridge or other container of solution

1 or other consumable substance, regardless of whether it contains
2 nicotine, that is intended to be used with or in a vapor product to
3 produce vapor and is sold for such purpose.

4 (b) The term does not include:

5 (i) Any product approved by the United States food and drug
6 administration for sale as a tobacco cessation product, medical
7 device, or for other therapeutic purposes when such product is
8 marketed and sold solely for such an approved purpose;

9 (ii) Any product that will become an ingredient or component in a
10 vapor product manufactured by a distributor; or

11 (iii) Any product that meets the definition of marijuana, useable
12 marijuana, marijuana concentrates, marijuana-infused products,
13 cigarette, or tobacco products.

14 (c) For purposes of this subsection (18):

15 (i) "Cigarette" has the same meaning as in RCW 82.24.010.

16 (ii) "Marijuana," "useable marijuana," "marijuana concentrates,"
17 and "marijuana-infused products" have the same meaning as in RCW
18 69.50.101.

19 (iii) "Tobacco products" has the same meaning as in RCW
20 82.26.010.

21 NEW SECTION. **Sec. 102.** (1)(a) There is levied and collected a
22 tax upon the sale, use, consumption, handling, possession, or
23 distribution of all vapor products in this state equal to forty-five
24 percent of the taxable sales price. If the vapor product is sold
25 together with products not taxable under this chapter for one price,
26 the tax imposed by this section applies to the entire selling price
27 of the product, except as provided in (b) of this subsection.

28 (b) If the seller can identify by reasonable and verifiable
29 standards the portion of the selling price attributable to the vapor
30 products from its books and records that are kept in the regular
31 course of business for other purposes including, but not limited to,
32 nontax purposes, the tax imposed by this section only applies to that
33 portion of the selling price of the product attributable to the vapor
34 products.

35 (2)(a) The tax under this section must be collected at the time
36 the distributor: (i) Brings, or causes to be brought, into this state
37 from without the state vapor products for sale; (ii) makes,
38 manufactures, fabricates, or stores vapor products in this state for
39 sale in this state; (iii) ships or transports vapor products to

1 retailers in this state, to be sold by those retailers; or (iv)
2 handles for sale any vapor products that are within this state but
3 upon which tax has not been imposed.

4 (b) The tax imposed under this section must also be collected by
5 the department from the consumer of vapor products where the tax
6 imposed under this section was not paid by the distributor on such
7 vapor products.

8 (3)(a) Except as provided under (b) of this subsection, state
9 revenues collected from the tax imposed under this section must be
10 deposited into the state general fund.

11 (b) At minimum, three percent of revenues collected from the tax
12 imposed under this section must be appropriated from the general fund
13 to the cancer research endowment fund match transfer account, in the
14 omnibus appropriations act beginning in the biennium starting July 1,
15 2017.

16 (c) The legislature may use an estimate, provided by the
17 department based on previous collections, to determine the revenue
18 amount to be appropriated in (b) of this subsection.

19 (4) The department may adopt rules to implement this section.

20 NEW SECTION. **Sec. 103.** It is the intent and purpose of this
21 chapter to levy a tax on all vapor products sold, used, consumed,
22 handled, possessed, or distributed within this state. It is the
23 further intent and purpose of this chapter to impose the tax only
24 once on all vapor products in this state. Nothing in this chapter may
25 be construed to exempt any person taxable under any other law or
26 under any other tax imposed under this title.

27 NEW SECTION. **Sec. 104.** The tax imposed by section 102 of this
28 act does not apply with respect to any vapor products, which under
29 the Constitution and laws of the United States may not be made the
30 subject of taxation by this state.

31 NEW SECTION. **Sec. 105.** (1) Every distributor must keep at each
32 place of business complete and accurate records for that place of
33 business, including itemized invoices, of vapor products held,
34 purchased, manufactured, brought in or caused to be brought in from
35 without the state, or shipped or transported to retailers in this
36 state, and of all sales of vapor products made.

1 (2) These records must show the names and addresses of
2 purchasers, the inventory of all vapor products, and other pertinent
3 papers and documents relating to the purchase, sale, or disposition
4 of vapor products. All invoices and other records required by this
5 section to be kept must be preserved for a period of five years from
6 the date of the invoices or other documents or the date of the
7 entries appearing in the records.

8 (3) At any time during usual business hours the department,
9 board, or its duly authorized agents or employees, may enter any
10 place of business of a distributor, without a search warrant, and
11 inspect the premises, the records required to be kept under this
12 chapter, and the vapor products contained therein, to determine
13 whether or not all the provisions of this chapter are being fully
14 complied with. If the department, board, or any of its agents or
15 employees are denied free access or are hindered or interfered with
16 in making such examination, the registration certificate issued under
17 RCW 82.32.030 of the distributor at such premises are subject to
18 revocation by the department, and any licenses issued under this
19 chapter or chapter 82.24 or 82.26 RCW are subject to suspension or
20 revocation by the board.

21 NEW SECTION. **Sec. 106.** Every person required to be licensed
22 under this chapter who sells vapor products to persons other than the
23 ultimate consumer must render with each sale itemized invoices
24 showing the seller's name and address, the purchaser's name and
25 address, the date of sale, and all prices. The person must preserve
26 legible copies of all such invoices for five years from the date of
27 sale.

28 NEW SECTION. **Sec. 107.** (1) Every retailer must procure itemized
29 invoices of all vapor products purchased. The invoices must show the
30 seller's name and address, the date of purchase, and all prices and
31 discounts.

32 (2) The retailer must keep at each retail outlet copies of
33 complete, accurate, and legible invoices for that retail outlet or
34 place of business. All invoices required to be kept under this
35 section must be preserved for five years from the date of purchase.

36 (3) At any time during usual business hours the department,
37 board, or its duly authorized agents or employees may enter any
38 retail outlet, without a search warrant, and inspect the premises for

1 invoices required to be kept under this section, and the vapor
2 products contained in the retail outlet, to determine whether or not
3 all the provisions of this chapter are being fully complied with. If
4 the department, board, or any of its agents or employees are denied
5 free access or are hindered or interfered with in making the
6 inspection, the registration certificate issued under RCW 82.32.030
7 of the retailer at the premises is subject to revocation by the
8 department, and any licenses issued under this chapter or chapter
9 82.24 or 82.26 RCW are subject to suspension or revocation by the
10 board.

11 NEW SECTION. **Sec. 108.** (1)(a) Where vapor products upon which
12 the tax imposed by this chapter has been reported and paid are
13 shipped or transported outside this state by the distributor to a
14 person engaged in the business of selling vapor products, to be sold
15 by that person, or are returned to the manufacturer by the
16 distributor or destroyed by the distributor, or are sold by the
17 distributor to the United States or any of its agencies or
18 instrumentalities, or are sold by the distributor to any Indian
19 tribal organization, credit of such tax may be made to the
20 distributor in accordance with rules prescribed by the department.

21 (b) For purposes of this section, the following definitions
22 apply:

23 (i) "Indian distributor" means a federally recognized Indian
24 tribe or tribal entity that would otherwise meet the definition of
25 "distributor" under section 101 of this act, if federally recognized
26 Indian tribes and tribal entities were not excluded from the
27 definition of "person" in section 101 of this act.

28 (ii) "Indian retailer" means a federally recognized Indian tribe
29 or tribal entity that would otherwise meet the definition of
30 "retailer" under section 101 of this act, if federally recognized
31 Indian tribes and tribal entities were not excluded from the
32 definition of "person" in section 101 of this act.

33 (iii) "Indian tribal organization" means a federally recognized
34 Indian tribe, or tribal entity, and includes an Indian distributor or
35 retailer that is owned by an Indian who is an enrolled tribal member
36 conducting business under tribal license or similar tribal approval
37 within Indian country.

1 (2) Credit allowed under this section must be determined based on
2 the tax rate in effect for the period for which the tax imposed by
3 this chapter, for which a credit is sought, was paid.

4 NEW SECTION. **Sec. 109.** The credit authorized in section 108 of
5 this act is not subject to the provisions of RCW 82.32.805 and
6 82.32.808.

7 NEW SECTION. **Sec. 110.** All of the provisions contained in
8 chapter 82.32 RCW not inconsistent with the provisions of this
9 chapter have full force and application with respect to taxes imposed
10 under the provisions of this chapter.

11 NEW SECTION. **Sec. 111.** The department must authorize, as duly
12 authorized agents, enforcement officers of the state liquor and
13 cannabis board to enforce provisions of this chapter. These officers
14 are not employees of the department.

15 NEW SECTION. **Sec. 112.** (1) The department may by rule establish
16 the invoice detail required under section 105 of this act for a
17 distributor under section 101(5)(d) of this act and for those
18 invoices required to be provided to retailers under section 108 of
19 this act.

20 (2) If a retailer fails to keep invoices as required under
21 section 107 of this act, the retailer is liable for the tax owed on
22 any uninvoiced vapor products but not penalties and interest, except
23 as provided in subsection (3) of this section.

24 (3) If the department finds that the nonpayment of tax by the
25 retailer was willful or if in the case of a second or plural
26 nonpayment of tax by the retailer, penalties and interest must be
27 assessed in accordance with chapter 82.32 RCW.

28 NEW SECTION. **Sec. 113.** (1) No person may transport or cause to
29 be transported in this state vapor products for sale other than:

30 (a) A licensed distributor in the distributor's own vehicle, a
31 manufacturer's representative authorized to sell or distribute vapor
32 products in this state under section 118 of this act, or a licensed
33 retailer in the retailer's own vehicle; or

34 (b) A person who has given notice to the board in advance of the
35 commencement of transportation.

1 (2) When transporting vapor products for sale, the person must
2 have in his or her actual possession, or cause to have in the actual
3 possession of those persons transporting such vapor products on his
4 or her behalf, invoices or delivery tickets for the vapor products,
5 which must show the true name and address of the consignor or seller,
6 the true name and address of the consignee or purchaser, and the
7 quantity and brands of the vapor products being transported.

8 (3) In any case where the department, board, or any peace officer
9 of the state has knowledge or reasonable grounds to believe that any
10 vehicle is transporting vapor products in violation of this section,
11 the department, board, or peace officer is authorized to stop the
12 vehicle and to inspect it for contraband vapor products.

13 (4) This section does not apply to a motor carrier or freight
14 forwarder as defined in 49 U.S.C. Sec. 13102 or an air carrier as
15 defined in 49 U.S.C. Sec. 40102.

16 NEW SECTION. **Sec. 114.** (1) The licenses issuable by the board
17 under this chapter are as follows:

18 (a) A distributor's license; and

19 (b) A retailer's license.

20 (2) Application for the licenses must be made through the
21 business licensing system under chapter 19.02 RCW. The board may
22 adopt rules regarding the regulation of the licenses. The board may
23 refuse to issue any license under this chapter if the board has
24 reasonable cause to believe that the applicant has willfully withheld
25 information requested for the purpose of determining the eligibility
26 of the applicant to receive a license, or if the board has reasonable
27 cause to believe that information submitted in the application is
28 false or misleading or is not made in good faith. In addition, for
29 the purpose of reviewing an application for a distributor's license
30 or retailer's license and for considering the denial, suspension, or
31 revocation of any such license, the board may consider criminal
32 conduct of the applicant, including an administrative violation
33 history record with the board and a criminal history record
34 information check within the previous five years, in any state,
35 tribal, or federal jurisdiction in the United States, its
36 territories, or possessions, and the provisions of RCW 9.95.240 and
37 chapter 9.96A RCW do not apply to such cases. The board may, in its
38 discretion, issue or refuse to issue the distributor's license or

1 retailer's license, subject to the provisions of section 121 of this
2 act.

3 (3) No person may qualify for a distributor's license or a
4 retailer's license under this section without first undergoing a
5 criminal background check. The background check must be performed by
6 the board and must disclose any criminal conduct within the previous
7 five years in any state, tribal, or federal jurisdiction in the
8 United States, its territories, or possessions. If the applicant or
9 licensee also has a license issued under chapter 66.24, 82.24, or
10 82.26 RCW, the background check done under the authority of chapter
11 66.24, 82.24, or 82.26 RCW satisfies the requirements of this
12 subsection.

13 (4) Each license issued under this chapter expires on the
14 business license expiration date. The license must be continued
15 annually if the licensee has paid the required fee and complied with
16 all the provisions of this chapter and the rules of the board adopted
17 pursuant to this chapter.

18 (5) Each license and any other evidence of the license required
19 under this chapter must be exhibited in each place of business for
20 which it is issued and in the manner required for the display of a
21 business license.

22 (6) License issuances and renewals are subject to board authority
23 and the rules adopted under the board including, but not limited to,
24 rights of cities, towns, county legislative authorities, the public,
25 churches, schools, and public institutions that object to or prevent
26 issuance of licenses.

27 NEW SECTION. **Sec. 115.** The board must compile and maintain a
28 current record of the names of all distributors and retailers
29 licensed under this chapter and the status of their license or
30 licenses. The information must be updated on a monthly basis and
31 published on the board's official internet web site. This information
32 is not subject to the confidentiality provisions of RCW 82.32.330 and
33 must be disclosed to manufacturers, distributors, retailers, and the
34 general public upon request.

35 NEW SECTION. **Sec. 116.** (1)(a) No person may engage in or
36 conduct business as a distributor or retailer in this state without a
37 valid license issued under this chapter, except as otherwise provided
38 by law. Any person who sells vapor products to persons other than

1 ultimate consumers or who meets the definition of "distributor" under
2 section 101(5)(d) of this act must obtain a distributor's license
3 under this chapter. Any person who sells vapor products to ultimate
4 consumers must obtain a retailer's license under this chapter.

5 (b) A violation of this subsection (1) is punishable as a class C
6 felony according to chapter 9A.20 RCW.

7 (2)(a) No person engaged in or conducting business as a
8 distributor or retailer in this state may:

9 (i) Refuse to allow the department or the board, on demand, to
10 make a full inspection of any place of business where any of the
11 vapor products taxed under this chapter are sold, stored, or handled,
12 or otherwise hinder or prevent such inspection;

13 (ii) Make, use, or present or exhibit to the department or the
14 board any invoice for any of the vapor products taxed under this
15 chapter that bears an untrue date or falsely states the nature or
16 quantity of the goods invoiced; or

17 (iii) Fail to produce on demand of the department or the board
18 all invoices of all the vapor products taxed under this chapter
19 within five years prior to such demand unless the person can show by
20 satisfactory proof that the nonproduction of the invoices was due to
21 causes beyond the person's control.

22 (b) No person, other than a licensed distributor or retailer, may
23 transport vapor products for sale in this state for which the taxes
24 imposed under this chapter have not been paid unless:

25 (i) Notice of the transportation has been given as required under
26 section 113 of this act;

27 (ii) The person transporting the vapor products actually
28 possesses invoices or delivery tickets showing the true name and
29 address of the consignor or seller, the true name and address of the
30 consignee or purchaser, and the quantity and brands of vapor products
31 being transported; and

32 (iii) The vapor products are consigned to or purchased by a
33 person in this state who is licensed under this chapter.

34 (c) A violation of this subsection (2) is a gross misdemeanor.

35 (3) Any person licensed under this chapter as a distributor, and
36 any person licensed under this chapter as a retailer, may not operate
37 in any other capacity unless the additional appropriate license is
38 first secured, except as otherwise provided by law. A violation of
39 this subsection (3) is a misdemeanor.

1 (4) The penalties provided in this section are in addition to any
2 other penalties provided by law for violating the provisions of this
3 chapter or the rules adopted under this chapter.

4 (5) This section does not apply to a motor carrier or freight
5 forwarder as defined in 49 U.S.C. Sec. 13102 or an air carrier as
6 defined in 49 U.S.C. Sec. 40102.

7 NEW SECTION. **Sec. 117.** (1) A retailer that obtains vapor
8 products from an unlicensed distributor or any other person that is
9 not licensed under this chapter must be licensed both as a retailer
10 and a distributor under this chapter and is liable for the tax
11 imposed under section 102 of this act with respect to the vapor
12 products acquired from the unlicensed person that are held for sale,
13 handling, or distribution in this state. For the purposes of this
14 subsection, "person" includes both persons defined in section 101(9)
15 of this act and any person immune from state taxation, such as the
16 United States or its instrumentalities, and federally recognized
17 Indian tribes and enrolled tribal members, conducting business within
18 Indian country.

19 (2) Every distributor licensed under this chapter may sell vapor
20 products to retailers located in Washington only if the retailer has
21 a current retailer's license under this chapter.

22 NEW SECTION. **Sec. 118.** A manufacturer that has manufacturer's
23 representatives who sell or distribute the manufacturer's vapor
24 products in this state must provide the board a list of the names and
25 addresses of all such representatives and must ensure that the list
26 provided to the board is kept current. A manufacturer's
27 representative is not authorized to distribute or sell vapor products
28 in this state unless the manufacturer that hired the representative
29 has a valid distributor's license under this chapter and that
30 manufacturer provides the board a current list of all of its
31 manufacturer's representatives as required by this section. A
32 manufacturer's representative must carry a copy of the distributor's
33 license of the manufacturer that hired the representative at all
34 times when selling or distributing the manufacturer's vapor products.

35 NEW SECTION. **Sec. 119.** (1) The board must enforce this chapter.
36 The board may adopt, amend, and repeal rules necessary to enforce
37 this chapter.

1 (2) The department may adopt, amend, and repeal rules necessary
2 to administer this chapter. The board may revoke or suspend the
3 distributor's or retailer's license of any distributor or retailer of
4 vapor products in the state upon sufficient cause showing a violation
5 of this chapter or upon the failure of the licensee to comply with
6 any of the rules adopted under it.

7 (3) A license may not be suspended or revoked except upon notice
8 to the licensee and after a hearing as prescribed by the board. The
9 board, upon finding that the licensee has failed to comply with any
10 provision of this chapter or of any rule adopted under it, must, in
11 the case of the first offense, suspend the license or licenses of the
12 licensee for a period of not less than thirty consecutive business
13 days, and in the case of a second or further offense, suspend the
14 license or licenses for a period of not less than ninety consecutive
15 business days but not more than twelve months, and in the event the
16 board finds the licensee has been guilty of willful and persistent
17 violations, it may revoke the license or licenses.

18 (4) Any licenses issued under chapter 82.24 or 82.26 RCW to a
19 person whose license or licenses have been suspended or revoked under
20 this section must also be suspended or revoked during the period of
21 suspension or revocation under this section.

22 (5) Any person whose license or licenses have been revoked under
23 this section may reapply to the board at the expiration of one year
24 of the license or licenses. The license or licenses may be approved
25 by the board if it appears to the satisfaction of the board that the
26 licensee will comply with the provisions of this chapter and the
27 rules adopted under it.

28 (6) A person whose license has been suspended or revoked may not
29 sell vapor products, tobacco products, or cigarettes or permit vapor
30 products, tobacco products, or cigarettes to be sold during the
31 period of suspension or revocation on the premises occupied by the
32 person or upon other premises controlled by the person or others or
33 in any other manner or form.

34 (7) Any determination and order by the board, and any order of
35 suspension or revocation by the board of the license or licenses
36 issued under this chapter, or refusal to reinstate a license or
37 licenses after revocation is reviewable by an appeal to the superior
38 court of Thurston county. The superior court must review the order or
39 ruling of the board and may hear the matter de novo, having due

1 regard to the provisions of this chapter and the duties imposed upon
2 the board.

3 (8) If the board makes an initial decision to deny a license or
4 renewal, or suspend or revoke a license, the applicant may request a
5 hearing subject to the applicable provisions under Title 34 RCW.

6 NEW SECTION. **Sec. 120.** (1) Any vapor products in the possession
7 of a person selling vapor products in this state acting as a
8 distributor or retailer and who is not licensed as required under
9 section 116 of this act, or a person who is selling vapor products in
10 violation of section 119(6) of this act, may be seized without a
11 warrant by any agent of the department, agent of the board, or law
12 enforcement officer of this state. Any vapor products seized under
13 this subsection are deemed forfeited.

14 (2) Any vapor products in the possession of a person who is not a
15 licensed distributor or retailer and who transports vapor products
16 for sale without having provided notice to the board required under
17 section 113 of this act, or without invoices or delivery tickets
18 showing the true name and address of the consignor or seller, the
19 true name and address of the consignee or purchaser, and the quantity
20 and brands of vapor products being transported may be seized and are
21 subject to forfeiture.

22 (3) All conveyances, including aircraft, vehicles, or vessels
23 that are used, or intended for use to transport, or in any manner to
24 facilitate the transportation, for the purpose of sale or receipt of
25 vapor products under subsection (2) of this section, may be seized
26 and are subject to forfeiture except:

27 (a) A conveyance used by any person as a common or contract
28 carrier having in actual possession invoices or delivery tickets
29 showing the true name and address of the consignor or seller, the
30 true name and address of the consignee or purchaser, and the quantity
31 and brands of the vapor products transported, unless it appears that
32 the owner or other person in charge of the conveyance is a consenting
33 party or privy to a violation of this chapter;

34 (b) A conveyance subject to forfeiture under this section by
35 reason of any act or omission of which the owner establishes to have
36 been committed or omitted without his or her knowledge or consent; or

37 (c) A conveyance encumbered by a bona fide security interest if
38 the secured party neither had knowledge of nor consented to the act
39 or omission.

1 (4) Property subject to forfeiture under subsections (2) and (3)
2 of this section may be seized by any agent of the department, the
3 board, or law enforcement officer of this state upon process issued
4 by any superior court or district court having jurisdiction over the
5 property. Seizure without process may be made if:

6 (a) The seizure is incident to an arrest or a search warrant or
7 an inspection under an administrative inspection warrant; or

8 (b) The department, board, or law enforcement officer has
9 probable cause to believe that the property was used or is intended
10 to be used in violation of this chapter and exigent circumstances
11 exist making procurement of a search warrant impracticable.

12 (5) This section may not be construed to require the seizure of
13 vapor products if the department's agent, board's agent, or law
14 enforcement officer reasonably believes that the vapor products are
15 possessed for personal consumption by the person in possession of the
16 vapor products.

17 (6) Any vapor product seized by a law enforcement officer must be
18 turned over to the board as soon as practicable.

19 (7) This section does not apply to a motor carrier or freight
20 forwarder as defined in 49 U.S.C. Sec. 13102 or an air carrier as
21 defined in 49 U.S.C. Sec. 40102.

22 NEW SECTION. **Sec. 121.** (1) In all cases of seizure of any vapor
23 product made subject to forfeiture under this chapter, the department
24 or board must proceed as provided in RCW 82.24.135.

25 (2) When vapor products are forfeited under this chapter, the
26 department or board may:

27 (a) Retain the property for official use or upon application by
28 any law enforcement agency of this state, another state, or the
29 District of Columbia, or of the United States for the exclusive use
30 of enforcing this chapter or the laws of any other state or the
31 District of Columbia or of the United States; or

32 (b) Sell the vapor products at public auction to the highest
33 bidder after due advertisement. Before delivering any of the goods to
34 the successful bidder, the department or board must require the
35 purchaser to pay the proper amount of any tax due. The proceeds of
36 the sale must be first applied to the payment of all proper expenses
37 of any investigation leading to the seizure and of the proceedings
38 for forfeiture and sale, including expenses of seizure, maintenance
39 of custody, advertising, and court costs. The balance of the proceeds

1 and all money must be deposited in the general fund of the state.
2 Proper expenses of investigation include costs incurred by any law
3 enforcement agency or any federal, state, or local agency.

4 (3) The department or the board may return any property seized
5 under the provisions of this chapter when it is shown that there was
6 no intention to violate the provisions of this chapter. When any
7 property is returned under this section, the department or the board
8 may return the property to the parties from whom they were seized if
9 and when such parties have paid the proper amount of tax due under
10 this chapter.

11 NEW SECTION. **Sec. 122.** When the department or the board has
12 good reason to believe that any of the vapor products taxed under
13 this chapter are being kept, sold, offered for sale, or given away in
14 violation of the provisions of this chapter, it may make affidavit of
15 facts describing the place or thing to be searched, before any judge
16 of any court in this state, and the judge must issue a search warrant
17 directed to the sheriff, any deputy, police officer, or duly
18 authorized agent of the department or the board commanding him or her
19 diligently to search any building, room in a building, place, or
20 vehicle as may be designated in the affidavit and search warrant, and
21 to seize the vapor products and hold them until disposed of by law.

22 NEW SECTION. **Sec. 123.** (1) A fee of ninety-three dollars must
23 accompany each retailer's license application or license renewal
24 application. A separate license is required for each separate
25 location at which the retailer operates.

26 (2) The fee imposed under subsection (1) of this section does not
27 apply to any person applying for a retailer's license or for renewal
28 of a retailer's license if the person has a valid retailer's license
29 under RCW 82.24.510 for the place of business associated with the
30 retailer's license application or renewal application.

31 NEW SECTION. **Sec. 124.** A fee of six hundred fifty dollars must
32 accompany each distributor's license application or license renewal
33 application. If a distributor sells or intends to sell vapor products
34 at two or more places of business, whether established or temporary,
35 a separate license with a license fee of one hundred fifteen dollars
36 is required for each additional place of business.

1 **Sec. 125.** RCW 66.08.145 and 2007 c 221 s 1 are each amended to
2 read as follows:

3 (1) The liquor (~~control~~) and cannabis board may issue subpoenas
4 in connection with any investigation, hearing, or proceeding for the
5 production of books, records, and documents held under this chapter
6 or chapters 70.155, 70.158, 82.24, (~~and~~) 82.26 (~~RCW~~), and 82.--
7 RCW (the new chapter created in section 203 of this act), and books
8 and records of common carriers as defined in RCW 81.80.010, or
9 vehicle rental agencies relating to the transportation or possession
10 of cigarettes or other tobacco products.

11 (2) The liquor (~~control~~) and cannabis board may designate
12 individuals authorized to sign subpoenas.

13 (3) If any person is served a subpoena from the board for the
14 production of records, documents, and books, and fails or refuses to
15 obey the subpoena for the production of records, documents, and books
16 when required to do so, the person is subject to proceedings for
17 contempt, and the board may institute contempt of court proceedings
18 in the superior court of Thurston county or in the county in which
19 the person resides.

20 **Sec. 126.** RCW 66.44.010 and 1998 c 18 s 1 are each amended to
21 read as follows:

22 (1) All county and municipal peace officers are hereby charged
23 with the duty of investigating and prosecuting all violations of this
24 title, and the penal laws of this state relating to the manufacture,
25 importation, transportation, possession, distribution and sale of
26 liquor, and all fines imposed for violations of this title and the
27 penal laws of this state relating to the manufacture, importation,
28 transportation, possession, distribution and sale of liquor (~~shall~~)
29 belong to the county, city or town wherein the court imposing the
30 fine is located, and (~~shall~~) must be placed in the general fund for
31 payment of the salaries of those engaged in the enforcement of the
32 provisions of this title and the penal laws of this state relating to
33 the manufacture, importation, transportation, possession,
34 distribution and sale of liquor(~~:-PROVIDED, That~~). However, all
35 fees, fines, forfeitures and penalties collected or assessed by a
36 district court because of the violation of a state law (~~shall~~) must
37 be remitted as provided in chapter 3.62 RCW as now exists or is later
38 amended.

1 (2) In addition to any and all other powers granted, the board
2 (~~shall have~~) has the power to enforce the penal provisions of this
3 title and the penal laws of this state relating to the manufacture,
4 importation, transportation, possession, distribution and sale of
5 liquor.

6 (3) In addition to the other duties under this section, the board
7 (~~shall~~) must enforce chapters 82.24 (~~and~~), 82.26 (RCW), and
8 82.-- RCW (the new chapter created in section 203 of this act).

9 (4) The board may appoint and employ, assign to duty and fix the
10 compensation of, officers to be designated as liquor enforcement
11 officers. Such liquor enforcement officers (~~shall~~) have the power,
12 under the supervision of the board, to enforce the penal provisions
13 of this title and the penal laws of this state relating to the
14 manufacture, importation, transportation, possession, distribution
15 and sale of liquor. They (~~shall~~) have the power and authority to
16 serve and execute all warrants and process of law issued by the
17 courts in enforcing the penal provisions of this title or of any
18 penal law of this state relating to the manufacture, importation,
19 transportation, possession, distribution and sale of liquor, and the
20 provisions of chapters 82.24 (~~and~~), 82.26 (RCW), and 82.-- RCW
21 (the new chapter created in section 203 of this act). They (~~shall~~)
22 have the power to arrest without a warrant any person or persons
23 found in the act of violating any of the penal provisions of this
24 title or of any penal law of this state relating to the manufacture,
25 importation, transportation, possession, distribution and sale of
26 liquor, and the provisions of chapters 82.24 (~~and~~), 82.26 (RCW),
27 and 82.-- RCW (the new chapter created in section 203 of this act).

28 **Sec. 127.** RCW 82.24.510 and 2013 c 144 s 50 are each amended to
29 read as follows:

30 (1) The licenses issuable under this chapter are as follows:

31 (a) A wholesaler's license.

32 (b) A retailer's license.

33 (2) Application for the licenses must be made through the
34 business licensing system under chapter 19.02 RCW. The board must
35 adopt rules regarding the regulation of the licenses. The board may
36 refrain from the issuance of any license under this chapter if the
37 board has reasonable cause to believe that the applicant has
38 willfully withheld information requested for the purpose of
39 determining the eligibility of the applicant to receive a license, or

1 if the board has reasonable cause to believe that information
2 submitted in the application is false or misleading or is not made in
3 good faith. In addition, for the purpose of reviewing an application
4 for a wholesaler's license or retailer's license and for considering
5 the denial, suspension, or revocation of any such license, the board
6 may consider any prior criminal conduct of the applicant, including
7 an administrative violation history record with the board and a
8 criminal history record information check within the previous five
9 years, in any state, tribal, or federal jurisdiction in the United
10 States, its territories, or possessions, and the provisions of RCW
11 9.95.240 and chapter 9.96A RCW do not apply to such cases. The board
12 may, in its discretion, grant or refuse the wholesaler's license or
13 retailer's license, subject to the provisions of RCW 82.24.550.

14 (3) No person may qualify for a wholesaler's license or a
15 retailer's license under this section without first undergoing a
16 criminal background check. The background check must be performed by
17 the board and must disclose any criminal conduct within the previous
18 five years in any state, tribal, or federal jurisdiction in the
19 United States, its territories, or possessions. A person who
20 possesses a valid license on July 22, 2001, is subject to this
21 subsection and subsection (2) of this section beginning on the date
22 of the person's business license expiration under chapter 19.02 RCW,
23 and thereafter. If the applicant or licensee also has a license
24 issued under chapter 66.24 (~~(RCW)~~), 82.26 ((RCW)), or 82.-- RCW (the
25 new chapter created in section 203 of this act), the background check
26 done under the authority of chapter 66.24 (~~(RCW)~~), or
27 82.-- RCW (the new chapter created in section 203 of this act)
28 satisfies the requirements of this section.

29 (4) Each such license expires on the business license expiration
30 date, and each such license must be continued annually if the
31 licensee has paid the required fee and complied with all the
32 provisions of this chapter and the rules of the board made pursuant
33 thereto.

34 (5) Each license and any other evidence of the license that the
35 board requires must be exhibited in each place of business for which
36 it is issued and in the manner required for the display of a business
37 license.

38 **Sec. 128.** RCW 82.24.550 and 2015 c 86 s 307 are each amended to
39 read as follows:

1 (1) The board must enforce the provisions of this chapter. The
2 board may adopt, amend, and repeal rules necessary to enforce the
3 provisions of this chapter.

4 (2) The department may adopt, amend, and repeal rules necessary
5 to administer the provisions of this chapter. The board may revoke or
6 suspend the license or permit of any wholesale or retail cigarette
7 dealer in the state upon sufficient cause appearing of the violation
8 of this chapter or upon the failure of such licensee to comply with
9 any of the provisions of this chapter.

10 (3) A license may not be suspended or revoked except upon notice
11 to the licensee and after a hearing as prescribed by the board. The
12 board, upon finding that the licensee has failed to comply with any
13 provision of this chapter or any rule adopted under this chapter,
14 must, in the case of the first offense, suspend the license or
15 licenses of the licensee for a period of not less than thirty
16 consecutive business days, and, in the case of a second or further
17 offense, must suspend the license or licenses for a period of not
18 less than ninety consecutive business days nor more than twelve
19 months, and, in the event the board finds the licensee has been
20 guilty of willful and persistent violations, it may revoke the
21 license or licenses.

22 (4) Any licenses issued under chapter 82.26 (~~RCW~~) or 82.-- RCW
23 (the new chapter created in section 203 of this act) to a person
24 whose license or licenses have been suspended or revoked under this
25 section must also be suspended or revoked during the period of
26 suspension or revocation under this section.

27 (5) Any person whose license or licenses have been revoked under
28 this section may reapply to the board at the expiration of one year
29 from the date of revocation of the license or licenses. The license
30 or licenses may be approved by the board if it appears to the
31 satisfaction of the board that the licensee will comply with the
32 provisions of this chapter and the rules adopted under this chapter.

33 (6) A person whose license has been suspended or revoked may not
34 sell cigarettes or tobacco products or permit cigarettes or tobacco
35 products to be sold during the period of such suspension or
36 revocation on the premises occupied by the person or upon other
37 premises controlled by the person or others or in any other manner or
38 form whatever.

39 (7) Any determination and order by the board, and any order of
40 suspension or revocation by the board of the license or licenses

1 issued under this chapter, or refusal to reinstate a license or
2 licenses after revocation is reviewable by an appeal to the superior
3 court of Thurston county. The superior court must review the order or
4 ruling of the board and may hear the matter de novo, having due
5 regard to the provisions of this chapter and the duties imposed upon
6 the board.

7 (8) If the board makes an initial decision to deny a license or
8 renewal, or suspend or revoke a license, the applicant may request a
9 hearing subject to the applicable provisions under Title 34 RCW.

10 (9) For purposes of this section, "tobacco products" has the same
11 meaning as in RCW 82.26.010.

12 **Sec. 129.** RCW 82.26.060 and 2009 c 154 s 3 are each amended to
13 read as follows:

14 (1) Every distributor (~~shall~~) must keep at each place of
15 business complete and accurate records for that place of business,
16 including itemized invoices, of tobacco products held, purchased,
17 manufactured, brought in or caused to be brought in from without the
18 state, or shipped or transported to retailers in this state, and of
19 all sales of tobacco products made.

20 (2) These records (~~shall~~) must show the names and addresses of
21 purchasers, the inventory of all tobacco products, and other
22 pertinent papers and documents relating to the purchase, sale, or
23 disposition of tobacco products. All invoices and other records
24 required by this section to be kept (~~shall~~) must be preserved for a
25 period of five years from the date of the invoices or other documents
26 or the date of the entries appearing in the records.

27 (3) At any time during usual business hours the department,
28 board, or its duly authorized agents or employees, may enter any
29 place of business of a distributor, without a search warrant, and
30 inspect the premises, the records required to be kept under this
31 chapter, and the tobacco products contained therein, to determine
32 whether or not all the provisions of this chapter are being fully
33 complied with. If the department, board, or any of its agents or
34 employees, are denied free access or are hindered or interfered with
35 in making such examination, the registration certificate issued under
36 RCW 82.32.030 of the distributor at such premises shall be subject to
37 revocation, and any licenses issued under this chapter or chapter
38 82.24 (~~RCW~~) or 82.-- RCW (the new chapter created in section 203 of

1 this act) are subject to suspension or revocation, by the department
2 or board.

3 **Sec. 130.** RCW 82.26.080 and 2005 c 180 s 5 are each amended to
4 read as follows:

5 (1) Every retailer (~~shall~~) must procure itemized invoices of
6 all tobacco products purchased. The invoices (~~shall~~) must show the
7 seller's name and address, the date of purchase, and all prices and
8 discounts.

9 (2) The retailer (~~shall~~) must keep at each retail outlet copies
10 of complete, accurate, and legible invoices for that retail outlet or
11 place of business. All invoices required to be kept under this
12 section (~~shall~~) must be preserved for five years from the date of
13 purchase.

14 (3) At any time during usual business hours the department,
15 board, or its duly authorized agents or employees may enter any
16 retail outlet without a search warrant, and inspect the premises for
17 invoices required to be kept under this section and the tobacco
18 products contained in the retail outlet, to determine whether or not
19 all the provisions of this chapter are being fully complied with. If
20 the department, board, or any of its agents or employees, are denied
21 free access or are hindered or interfered with in making the
22 inspection, the registration certificate issued under RCW 82.32.030
23 of the retailer at the premises is subject to revocation, and any
24 licenses issued under this chapter or chapter 82.24 (~~RCW~~) or 82.--
25 RCW (the new chapter created in section 203 of this act) are subject
26 to suspension or revocation by the department.

27 **Sec. 131.** RCW 82.26.150 and 2013 c 144 s 52 are each amended to
28 read as follows:

29 (1) The licenses issuable by the board under this chapter are as
30 follows:

31 (a) A distributor's license; and

32 (b) A retailer's license.

33 (2) Application for the licenses must be made through the
34 business licensing system under chapter 19.02 RCW. The board may
35 adopt rules regarding the regulation of the licenses. The board may
36 refuse to issue any license under this chapter if the board has
37 reasonable cause to believe that the applicant has willfully withheld
38 information requested for the purpose of determining the eligibility

1 of the applicant to receive a license, or if the board has reasonable
2 cause to believe that information submitted in the application is
3 false or misleading or is not made in good faith. In addition, for
4 the purpose of reviewing an application for a distributor's license
5 or retailer's license and for considering the denial, suspension, or
6 revocation of any such license, the board may consider criminal
7 conduct of the applicant, including an administrative violation
8 history record with the board and a criminal history record
9 information check within the previous five years, in any state,
10 tribal, or federal jurisdiction in the United States, its
11 territories, or possessions, and the provisions of RCW 9.95.240 and
12 chapter 9.96A RCW do not apply to such cases. The board may, in its
13 discretion, issue or refuse to issue the distributor's license or
14 retailer's license, subject to the provisions of RCW 82.26.220.

15 (3) No person may qualify for a distributor's license or a
16 retailer's license under this section without first undergoing a
17 criminal background check. The background check must be performed by
18 the board and must disclose any criminal conduct within the previous
19 five years in any state, tribal, or federal jurisdiction in the
20 United States, its territories, or possessions. If the applicant or
21 licensee also has a license issued under chapter 66.24 (~~(RCW)~~),
22 82.24 ((RCW)), or 82.-- RCW (the new chapter created in section 203 of this
23 act), the background check done under the authority of chapter 66.24
24 (~~(RCW)~~), 82.24 ((RCW)), or 82.-- RCW (the new chapter created in
25 section 203 of this act) satisfies the requirements of this section.

26 (4) Each license issued under this chapter expires on the
27 business license expiration date. The license must be continued
28 annually if the licensee has paid the required fee and complied with
29 all the provisions of this chapter and the rules of the board adopted
30 pursuant to this chapter.

31 (5) Each license and any other evidence of the license required
32 under this chapter must be exhibited in each place of business for
33 which it is issued and in the manner required for the display of a
34 business license.

35 **Sec. 132.** RCW 82.26.220 and 2015 c 86 s 308 are each amended to
36 read as follows:

37 (1) The board must enforce this chapter. The board may adopt,
38 amend, and repeal rules necessary to enforce this chapter.

1 (2) The department may adopt, amend, and repeal rules necessary
2 to administer this chapter. The board may revoke or suspend the
3 distributor's or retailer's license of any distributor or retailer of
4 tobacco products in the state upon sufficient cause showing a
5 violation of this chapter or upon the failure of the licensee to
6 comply with any of the rules adopted under it.

7 (3) A license may not be suspended or revoked except upon notice
8 to the licensee and after a hearing as prescribed by the board. The
9 board, upon finding that the licensee has failed to comply with any
10 provision of this chapter or of any rule adopted under it, must, in
11 the case of the first offense, suspend the license or licenses of the
12 licensee for a period of not less than thirty consecutive business
13 days, and in the case of a second or further offense, suspend the
14 license or licenses for a period of not less than ninety consecutive
15 business days but not more than twelve months, and in the event the
16 board finds the licensee has been guilty of willful and persistent
17 violations, it may revoke the license or licenses.

18 (4) Any licenses issued under chapter 82.24 (~~RCW~~) or 82.-- RCW
19 (the new chapter created in section 203 of this act) to a person
20 whose license or licenses have been suspended or revoked under this
21 section must also be suspended or revoked during the period of
22 suspension or revocation under this section.

23 (5) Any person whose license or licenses have been revoked under
24 this section may reapply to the board at the expiration of one year
25 of the license or licenses. The license or licenses may be approved
26 by the board if it appears to the satisfaction of the board that the
27 licensee will comply with the provisions of this chapter and the
28 rules adopted under it.

29 (6) A person whose license has been suspended or revoked may not
30 sell tobacco products or cigarettes or permit tobacco products or
31 cigarettes to be sold during the period of suspension or revocation
32 on the premises occupied by the person or upon other premises
33 controlled by the person or others or in any other manner or form.

34 (7) Any determination and order by the board, and any order of
35 suspension or revocation by the board of the license or licenses
36 issued under this chapter, or refusal to reinstate a license or
37 licenses after revocation is reviewable by an appeal to the superior
38 court of Thurston county. The superior court must review the order or
39 ruling of the board and may hear the matter de novo, having due

1 regard to the provisions of this chapter and the duties imposed upon
2 the board.

3 (8) If the board makes an initial decision to deny a license or
4 renewal, or suspend or revoke a license, the applicant may request a
5 hearing subject to the applicable provisions under Title 34 RCW.

6 **Sec. 133.** RCW 82.32.300 and 1997 c 420 s 9 are each amended to
7 read as follows:

8 (1) The administration of this chapter, chapter 82.--- RCW (the
9 new chapter created in section 203 of this act), and chapters 82.04
10 through 82.27 RCW ((of this title)) is vested in the department ((of
11 revenue which shall)), which must prescribe forms and rules of
12 procedure for the determination of the taxable status of any person,
13 for the making of returns and for the ascertainment, assessment, and
14 collection of taxes and penalties imposed thereunder.

15 (2) The department ((of revenue shall)) must make and publish
16 rules and regulations, not inconsistent therewith, necessary to
17 enforce provisions of this chapter and chapters 82.02 through 82.23B
18 and 82.27 RCW, and the liquor ((control)) and cannabis board
19 ((shall)) must make and publish rules necessary to enforce chapters
20 82.24 ((and)), 82.26 ((RCW)), and 82.-- RCW (the new chapter created
21 in section 203 of this act), which ((shall)) must have the same force
22 and effect as if specifically included therein, unless declared
23 invalid by the judgment of a court of record not appealed from.

24 (3) The department may employ such clerks, specialists, and other
25 assistants as are necessary. Salaries and compensation of such
26 employees ((shall)) must be fixed by the department and ((shall))
27 must be charged to the proper appropriation for the department.

28 (4) The department ((shall)) must exercise general supervision of
29 the collection of taxes and, in the discharge of such duty, may
30 institute and prosecute such suits or proceedings in the courts as
31 may be necessary and proper.

32 PART II

33 Miscellaneous Provisions

34 NEW SECTION. **Sec. 201.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the
36 remainder of the act or the application of the provision to other
37 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 202.** If any part of this act is found to be
2 in conflict with federal requirements that are a prescribed condition
3 to the allocation of federal funds to the state, the conflicting part
4 of this act is inoperative solely to the extent of the conflict and
5 with respect to the agencies directly affected, and this finding does
6 not affect the operation of the remainder of this act in its
7 application to the agencies concerned. Rules adopted under this act
8 must meet federal requirements that are a necessary condition to the
9 receipt of federal funds by the state.

10 NEW SECTION. **Sec. 203.** Sections 101 through 124 of this act
11 constitute a new chapter in Title 82 RCW.

12 NEW SECTION. **Sec. 204.** This act takes effect July 1, 2016.

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