

JUDICIAL IMPACT FISCAL NOTE

Bill Number: 2165 SHB	Title: Vapor Products, etc. Taxation	Agency: 055 – Admin Office of the Courts (AOC)
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
Total:					

Estimated Expenditures from:

STATE	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE – Staff Years					
Account					
General Fund – State (001-1)					
State Subtotal					
COUNTY					
County FTE Staff Years					
Account					
Local - Counties					
Counties Subtotal					
CITY					
City FTE Staff Years					
Account					
Local – Cities					
Cities Subtotal					
Local Subtotal					
Total Estimated Expenditures:					

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 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.

Legislative Contact:	Phone:	Date:
Agency Preparation: Sam Knutson	Phone: 360-704-5528	Date: 4/6/2017
Agency Approval: Ramsey Radwan	Phone: 360-357-2406	Date:
OFM Review:	Phone:	Date:

Part II: Narrative Explanation

This bill would amend RCW 82 to create a taxing methodology for vapor products, e-cigarettes, and other nicotine products. The bill would create a new gross misdemeanor and misdemeanor, forfeiture procedure, and search warrant request procedure.

This bill differs from 2165 HB:

- Broadens the definition of “distributor”;
- Modifies the definition of “vapor product” in the following ways:
 - Clarifies such that the tax will only apply to cartridges/”e-liquid” (and not stand-alone/hardware devices), regardless of whether or not they contain nicotine;
 - Excludes smoking cessation products and products that will become an ingredient in vapor products; and
 - Excludes marijuana products.
- Requires a vapor products delivery sale licensee to collect the tax imposed by the act.
- Removes the exception to negotiation authority with the Puyallup Tribe (would have the effect of giving the Governor the option of two models of compact with the Puyallup Tribe).
- Makes various internal reference and technical clarifications.

Part II.A – Brief Description of what the Measure does that has fiscal impact on the Courts

Section 216(2)(a) and (b) – Would provide that no person, other than a licensed distributor or retailer or delivery sales licensee, may transport vapor products for sale in Washington unless the taxes proposed by this bill have been paid, unless: (i) notice of the transportation has been given as required, (ii) the person transporting the vapor products actually possesses invoices or delivery tickets showing the true name and address of the consignor or seller, the true name of the consignee or purchaser, and the quantity and brands of vapor products being transported, and (iii) the vapor products are consigned to or purchased by a person in Washington who is licensed under RCW 70.345. A violation of this subsection would be a gross misdemeanor.

Section 216(3) – Would provide that any person licensed as a distributor or retailer (under RCW 70.345) may not operate in any other capacity unless the additional appropriate license is first secured, unless otherwise provided by law. Violation of this subsection is a misdemeanor.

Section 220(3) – Would provide that any property seized by the Liquor and Cannabis Board (LCB) under the provisions of this chapter (RCW 82.24.135) when it is shown that there was no intention to violate the provisions of this chapter may be returned.

Section 221 – Would create a search warrant procedure for the LCB to pursue search of any building, place, or vehicle where the LCB has good reason to believe vapor products are being kept, sold, offered for sale, or given away in violation of law.

Section 504 – This bill would be effective October 1, 2017.

II.B - Cash Receipt Impact

None.

II.C – Expenditures

There is no data to estimate the number of potential gross misdemeanors or misdemeanors that would result from this bill. However, fiscal impact is expected to be minimal.

Court education would be required. The law tables would need to be updated. These impacts could be managed within existing resources.