

SENATE BILL

No. 10

**Introduced by Senator Beall
(Coauthors: Senators Hernandez and Leno)**

July 16, 2015

An act to amend Sections 22973 and 22977.1 of the Business and Professions Code, relating to cigarette and tobacco product licensing.

LEGISLATIVE COUNSEL'S DIGEST

SB 10, as introduced, Beall. Cigarette and tobacco product licensing: fees and funding.

The Cigarette and Tobacco Products Licensing Act of 2003 requires the State Board of Equalization to administer a statewide program to license manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. That act requires retailers of cigarettes and tobacco products to obtain a separate license for each retail location, to be issued by the board upon receipt of a completed application and payment of a one-time fee, unless specified conditions apply.

This bill would require a fee of \$265 to be submitted with each license application, as described above. The bill would require, for calendar years beginning on and after January 1, 2016, every retailer to file an application for renewal of a retailer's license accompanied with a fee of \$265 per retail location, in the form and manner prescribed by the board.

The Cigarette and Tobacco Products Licensing Act of 2003 requires every wholesaler and distributor who commences business selling or distributing cigarettes or tobacco products, or who commences doing so at a new or different place of business in the state, to apply for a

license accompanied by a required fee of \$1,000 for each location. The act also requires wholesalers and distributors to file an application for a renewal of license accompanied by a required fee of \$1,000 for each location where cigarettes and tobacco products are sold.

The bill would raise the fees described above to \$1,200.

The bill would require the board to report to the Legislature no later than January 1, 2019 regarding the adequacy of funding for the Cigarette and Tobacco Products Licensing Act of 2003, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22973 of the Business and Professions
2 Code is amended to read:
3 22973. (a) An application for a license shall be filed on or
4 before April 15, 2004, on a form prescribed by the board and shall
5 include the following:
6 (1) The name, address, and telephone number of the applicant.
7 (2) The business name, address, and telephone number of each
8 retail location. For applicants who control more than one retail
9 location, an address for receipt of correspondence or notices from
10 the board, such as a headquarters or corporate office of the retailer,
11 shall also be included on the application and listed on the license.
12 Citations issued to licensees shall be forwarded to all addressees
13 on the license.
14 (3) A statement by the applicant affirming that the applicant
15 has not been convicted of a felony and has not violated and will
16 not violate or cause or permit to be violated any of the provisions
17 of this division or any rule of the board applicable to the applicant
18 or pertaining to the manufacture, sale, or distribution of cigarettes
19 or tobacco products. If the applicant is unable to affirm this
20 statement, the application shall contain a statement by the applicant
21 of the nature of any violation or the reasons that will prevent the
22 applicant from complying with the requirements with respect to
23 the statement.
24 (4) If any other licenses or permits have been issued by the
25 board or the Department of Alcoholic Beverage Control to the
26 applicant, the license or permit number of those licenses or permits
27 then in effect.

(5) A statement by the applicant that the contents of the application are complete, true, and correct. Any person who signs a statement pursuant to this subdivision that asserts the truth of any material matter that he or she knows to be false is guilty of a misdemeanor punishable by imprisonment of up to one year in the county jail, or a fine of not more than one thousand dollars (\$1,000), or both the imprisonment and the fine.

(6) The signature of the applicant.

(7) Any other information the board may require.

(b) The board may investigate to determine the truthfulness and completeness of the information provided in the application. The board may issue a license without further investigation to an applicant for a retail location if the applicant holds a valid license from the Department of Alcoholic Beverage Control for that same location.

(c) The board shall provide electronic means for applicants to download and submit applications.

(d) ~~(1) A one-time license fee of one hundred dollars (\$100)~~ *two hundred sixty-five dollars (\$265)* shall be submitted with each application. An applicant that owns or controls more than one retail location shall obtain a separate license for each retail location, but may submit a single application for those licenses with ~~a one-time~~ *an application* license fee of ~~one hundred dollars (\$100)~~ *two hundred sixty-five dollars (\$265)* per location.

~~(2) The one-time fee required by this subdivision does not apply to an application for renewal of a license for a retail location for which the one-time license fee has already been paid. If a license is reinstated after its expiration, the retailer, as a condition precedent to its reinstatement, shall pay a reinstatement fee of one hundred dollars (\$100).~~

(e) For calendar years beginning on and after January 1, 2016, every retailer shall file an application for renewal of the license prescribed in Section 22972, accompanied with a fee of two hundred sixty-five dollars (\$265) per retail location in the form and manner prescribed by the board.

(f) (1) The board shall report back to the Legislature no later than January 1, 2019, regarding the adequacy of funding for the Cigarette and Tobacco Products Licensing Act of 2003. The report shall include data and recommendations about whether the annual

1 *licensing fee funding levels are set at an appropriate level to*
2 *maintain an effective enforcement program.*

3 *(2) The report required by paragraph (1) shall be submitted in*
4 *compliance with Section 9795 of the Government Code.*

5 SEC. 2. Section 22977.1 of the Business and Professions Code
6 is amended to read:

7 22977.1. (a) Every distributor and every wholesaler shall file
8 an application, as prescribed in Section 22977, on or before April
9 15, 2004. Each application shall be accompanied by a fee of one
10 thousand dollars (\$1,000) for each location. The fee shall be for a
11 calendar year and may not be prorated. Subject to meeting the
12 requirements of this section and Section 22977.2, the board shall
13 issue a license.

14 (b) Every distributor and every wholesaler who commences
15 business after the last day of May 2004, or who commences selling
16 or distributing cigarettes or tobacco products at a new or different
17 place of business in this state after the last day of May 2004, shall
18 file with the board an application as prescribed in Section 22977
19 at least 30 days prior to commencing such business or commencing
20 such sales or distributions; and all distributors and all wholesalers
21 that fail to timely file an application for a license under subdivision
22 (a) shall file with the board an application as prescribed in Section
23 22977. Each application shall be accompanied by a fee of one
24 thousand *two hundred* dollars ~~(\$1,000)~~ (\$1,200) for each location.
25 The fee shall be for a calendar year and may not be prorated.
26 Subject to Section 22977.2, the board, within 30 days after receipt
27 of an application and payment of the proper fee shall issue a
28 license.

29 (c) For calendar years beginning on and after January 1, 2005,
30 *and before January 1, 2016*, every distributor and every wholesaler
31 shall file an application for renewal of the license prescribed in
32 Section 22977, accompanied with a fee of one thousand dollars
33 (\$1,000) for each location where cigarettes and tobacco products
34 are sold, in the form and manner as prescribed by the board. *For*
35 *calendar years beginning on and after January 1, 2016, the fee*
36 *accompanying an application for renewal of the license prescribed*
37 *in Section 22977 shall be one thousand two hundred dollars*
38 *(\$1,200) for each location where cigarettes and tobacco products*
39 *are sold.*

1 (d) (1) *The board shall report back to the Legislature no later*
2 *than January 1, 2019, regarding the adequacy of funding for the*
3 *Cigarette and Tobacco Products Licensing Act of 2003. The report*
4 *shall include data and recommendations about whether the annual*
5 *licensing fee funding levels are set at an appropriate level to*
6 *maintain an effective enforcement program.*
7 (2) *The report required by paragraph (1) shall be submitted in*
8 *compliance with Section 9795 of the Government Code.*

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