



2026 South Dakota Legislature **House Bill 1220**

Introduced by: **Representative** Mulder

An Act to regulate the retail sale of nicotine products, and to provide a penalty therefor.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 10-1-28.2 be AMENDED:

10-1-28.2. All lists of taxpayers, licensees, or applicants compiled by the Department of Revenue are confidential, except licensees which were licensed under the provisions of chapter 10-47B, 32-6B, 32-6C, 32-7A, or 32-7B, or sections 2 to 20, inclusive, of this Act. It is a Class 2 misdemeanor to disclose any such list except to the extent necessary to carry out the official duties of the department.

Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 10:

Terms used in this chapter mean:

- (1) "Licensee," a person licensed under the provisions of this chapter;
- (2) "Nicotine product," a product intended for human consumption, containing any form of the chemical nicotine, including any sale or complex, from any source, nicotinic alkaloids, nicotine analogs, and any substance intended to mimic or replicate the pharmacological effect of nicotine. The term includes components, parts, or accessories. The term does not include drugs, devices, or combination products, as defined in the Federal Food, Drug, and Cosmetic Act, approved for sale by the United States Food and Drug Administration. Any communication by, or on behalf of, the manufacturer distributor, or retailer of a tobacco product that indicates that the product contains a nicotine analog constitutes presumptive evidence that the product contains a nicotine analog;

(3) "Retailer," a person engaged in the business of selling a nicotine product to an individual for any purpose other than resale.

Section 3. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A retailer shall secure a license under this chapter to sell a nicotine product in this state. A separate application and a separate license are required for each place of business of a retailer where a nicotine product is sold at retail.

An application for a license required under this section must be made to the Department of Revenue, on forms prescribed by the secretary. The application must contain:

- (1) The contact information of the applicant;
- (2) The name and mailing address of the registered agent of the applicant;
- (3) The physical address and mailing address of the place of business of the retailer; and
- (4) All past and current violations of state or federal law by the applicant relating to the sale, possession, or transportation of a nicotine product.

The application must be accompanied by a fee of one thousand dollars.

Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A license issued under section 3 of this Act is valid through June thirtieth following the issuance of the license, unless the license is revoked sooner by the secretary pursuant to this chapter.

A license issued under section 3 of this Act is nontransferable.

Section 5. That a NEW SECTION be added to a NEW CHAPTER in title 10:

Prior to the expiration of a license issued under this chapter, the licensee may apply to the Department of Revenue for a renewal of the license.

The fee to renew a license is one thousand dollars.

Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 10:

The Department of Revenue shall deny an application made under section 3 or 5 of this Act if:

- (1) The applicant includes any false information on the application;
- (2) The applicant is under the age of twenty-one years; or

(3) The applicant has violated any state or federal law relating to the sale, possession, or transport of a nicotine product.

Section 7. That a NEW SECTION be added to a NEW CHAPTER in title 10:

The place of business of a licensee where a nicotine product is sold shall not be located within one thousand feet of an elementary or secondary school, unless nicotine products were sold at the place of business prior to July 1, 2026.

The distance measured for purposes of this section is from the nearest point of the property on which the place of business is situated, to the nearest point of the property on which the school is situated.

Section 8. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A licensee shall not:

- (1) Ship, or cause to be shipped, a nicotine product to an individual to be used or consumed by the individual;
- (2) Sell, or offer to sell, a nicotine product to a person under the age of twenty-one years;
- (3) sell, or offer to sell, a nicotine product in a vending machine;
- (4) Sell a nicotine product by phone, voice transmission, mail, internet, electronic-application-based service, curbside pick-up, or by any third-party means; or
- (5) Provide free samples of nicotine products to an individual.

A licensee is responsible for, and may be subject to enforcement action for, any violation of this chapter committed by the licensee's employee, agency, or clerk while acting within the scope of employment or agency.

Section 9. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A licensee shall post a sign within plain view of any area on the premises where an individual may purchase nicotine products, stating in text, at least one inch in height, that it is illegal to sell nicotine products to any person under the age of twenty-one years.

Adjacent to the sign, the licensee shall display a valid license issued under this chapter.

Section 10. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A licensee shall keep complete records of all nicotine products held in the licensee's inventory and all nicotine products sold by the licensee, in a manner set forth in rules promulgated by the secretary of the Department of Revenue pursuant to chapter 1-26.

The records must include information detailing source, origin, and manufacture of the nicotine products in the licensee's inventory

The licensee shall preserve the records for at least three years.

If the records are not stored at the licensee's place of business, the licensee must, upon request of the secretary, make the records available, in electronic form, within five business days.

Section 11. That a NEW SECTION be added to a NEW CHAPTER in title 10:

The secretary of the Department of Revenue or an agent of the secretary shall, during normal business hours, inspect the records and premises of any licensee, and shall conduct an investigation to determine whether the licensee has violated any provision of this chapter or rule promulgated thereunder. The secretary or agent of the secretary shall conduct an inspection or investigation under this section in accordance with rules promulgated by the secretary pursuant to chapter 1-26.

Section 12. That a NEW SECTION be added to a NEW CHAPTER in title 10:

Except as otherwise provided in this section, the secretary of the Department of Revenue, or an agent of the secretary, shall conduct an inspection of each licensee at least once a year.

If a licensee has been determined by the department to have violated any provision of this chapter, the secretary or an agent of the secretary must conduct an inspection of the licensee within six months of the determination.

Section 13. That a NEW SECTION be added to a NEW CHAPTER in title 10:

The Department of Revenue shall publish on the department's website the following information for each licensee:

- (1) The licensee's name;
- (2) The name and mailing address of the registered agent of the licensee;
- (3) The physical address of the licensee's place of business;
- (4) The registered agent; and
- (5) The date on which the license was initially issued.

If a licensee is determined to have violated a provision of this chapter or chapter 34-46, the secretary of the department must publish notice of the violation on the department's website.

Section 14. That a NEW SECTION be added to a NEW CHAPTER in title 10:

If a licensee is determined to have violated any provision of sections 7 to 11, inclusive, of this Act or a provision of chapter 34-46, the secretary of the Department of Revenue must assess a penalty according to the following schedule:

- (1) For a first violation, a fine of five hundred dollars;
- (2) For a second violation within a thirty-six-month period, a fine of one thousand dollars;
- (3) For a third violation within a thirty-six-month period, a fine of two thousand dollars, and in addition to the fine assessed under this subdivision the licensee:
 - (a) Shall not sell, or offer to sell, a nicotine product for the following thirty days; and
 - (b) Must post a sign adjacent to the sign required in section 9 of this Act, stating in text at least one inch in height that due to a violation of state law, nicotine products may not be sold at this location at this time; and
- (4) For a fourth violation within a thirty-six-month period, a fine of five thousand five hundred dollars, and in addition to the fine assessed under this subdivision, the secretary shall revoke the license.

The secretary of the Department of Revenue may revoke or suspend a license issued under this chapter for failure of the licensee to comply with a provision of this chapter or rules promulgated thereunder, or if the licensee is convicted of a felony.

Section 15. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A fine assessed under section 14 of this Act is due within thirty days of the Department of Revenue providing notice of the fine to the licensee.

If the department determines that a licensee has failed to pay any fine, fee, or tax imposed by this chapter, or any other fine, fee, or tax imposed by this state or a political subdivision of this state by the due date, the secretary must suspend the license of the retailer until the payment has been made.

Section 16. That a NEW SECTION be added to a NEW CHAPTER in title 10:

If the license of a retailer is revoked pursuant to section 14 of this Act, the retailer must destroy all nicotine products possessed by the retailer, at the time of the revocation, in accordance with all state and federal requirements related to hazardous materials. The retailer shall submit verification of the destruction to the Department of Revenue, in a manner provided in rules promulgated by the secretary of the department.

A retailer who fails to comply with this section within seven days, or within the time required by rules promulgated by the Department of Revenue, from the revocation of the license is subject to a fine of five thousand dollars, imposed by the Department of Revenue.

Section 17. That a NEW SECTION be added to a NEW CHAPTER in title 10:

If a licensee is determined to have violated any provision of this chapter, the licensee may appeal an action or decision of the secretary of the Department of Revenue, in the same manner as provided in chapter 1-26.

Section 18. That a NEW SECTION be added to a NEW CHAPTER in title 10:

Prior to January 1, 2027, the Department of Revenue shall promulgate rules, in accordance with chapter 1-26, to:

- (1) Establish a procedure for an initial and a renewal license application under this chapter;
- (2) Provide for the manner in which nicotine products must be destroyed and the manner in which verification of the destruction must be submitted;
- (3) Provide the process for assessing and collecting fines under this chapter;
- (4) Establish standards for the keeping of records, as required in section 10 of this Act; and
- (5) Establish a process for the inspection of records and premises, as authorized in section 11 of this Act.

Section 19. That a NEW SECTION be added to a NEW CHAPTER in title 10:

A retailer who sells a nicotine product in this state, without a license issued pursuant to this chapter, is subject to a fine of five thousand dollars, per day, imposed by the Department of Revenue.

Section 20. That a NEW SECTION be added to a NEW CHAPTER in title 10:

There is created a nicotine enforcement fund. The Department of Revenue shall administer the fund. The purpose of the fund is to defray expenses associated with the enforcement of this chapter.

Moneys collected under this Act must be forwarded to the state treasurer to be deposited into the fund. Interest on moneys credited to the fund must remain in the fund.

The nicotine enforcement fund is continuously appropriated to the Department of Revenue.

Section 21. That § 34-46-2 be AMENDED:

34-46-2. The following actions are unlawful:

- (1) To knowingly sell or distribute a tobacco product to a person under the age of twenty-one;

(2) To purchase or attempt to purchase, to receive or attempt to receive, to possess, or to consume a tobacco product if a person is under the age of twenty-one;

(3) To purchase a tobacco product on behalf of, or to give a tobacco product to, any person under the age of twenty-one;

(4) To sell cigarettes other than in an unopened package originating with the manufacturer and depicting the warning labels required by federal law;

(5) To sell tobacco products or nicotine products, as defined in section 2 of this Act, through a vending machine ~~located in a place other than a place that is open to the public but to which persons under the age of twenty-one are denied access at all times;~~

(6) To sell ~~e-cigarettes or smokeless tobacco, or both,~~ tobacco products or nicotine products, as defined in section 2 of this Act, through a self-service display ~~other than a display that is:~~

(a) A vending machine permitted under subdivision (5) of this section; or

(b) Located in a tobacco speciality store; or

(7) To distribute tobacco ~~product samples~~ products or nicotine products, as defined in section 2 of this Act, in or on a public street, sidewalk, or park that is within five hundred feet of a playground, school, or other facility when the facility is being used primarily by persons under the age of twenty-one.

A person who violates this section is subject to a fine of five thousand dollars, imposed by the Department of Revenue. A person is not liable for more than one violation of this section on a single day.

Section 22. That § 34-46-2.2 be AMENDED:

34-46-2.2. A merchant shall conspicuously post a notice, on the merchant's premises, stating that ~~"No~~ no person under the age of ~~21~~twenty-one may be sold tobacco products nicotine products, as defined in section 2 of this Act."

~~Any owner, lessee, or person having control of any cigarette vending machine shall post, in a conspicuous place on each machine in use within the state, a warning which shall be printed in bold type letters each of which shall be at least one half inch high and which shall be kept in easily legible form and repair stating:~~

~~"Any person under 21 years of age is forbidden by law to purchase cigarettes from this machine."~~

Section 23. That § 34-46-21 be AMENDED:

34-46-21. No person may sell a vapor product other than in an unopened package originating with the manufacturer and depicting the warning labels required by federal law, or sell a vapor product through self-service display other than a display that is:

- ~~(1) A vending machine permitted under subdivision 34-46-2(5); or~~
- ~~(2) Located~~ located in a tobacco specialty store.

~~A violation of person who violates this section is a Class 2 misdemeanor subject to a fine of five thousand dollars, imposed by the Department of Revenue.~~ A person is not liable for more than one violation of this section on a single day.

Underscores indicate new language.

~~Overstrokes~~ indicate deleted language.