ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

COMMITTEE ON INTERNATIONAL TRADE

Report of Regular Meeting
Wednesday, February 18, 2026
House Hearing Room 1 -- 8:30 A.M.

RECEIVED
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Convened 8:43 A.M.
Adjourned 11:16 A.M.

Members Present
Representative Austin
Representative Carbone
Representative Cavero
Representative Hendrix
Representative Hernandez
Representative Martinez
Representative Travers
Representative Weninger
Representative Peña, Vice-Chairman
Representative Rivero, Chairman

Members Not Present
Representative Wilmeth

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Presentations

Name	Organization	Attachments (Handouts)
Berthold Baurek-Karlic	Venionaire Capital AG	

Committee Action

Bill	Action	Vote	Attachments
HB2746	DP	7-0-0-3	4, 5
HB2750	DP	5-1-1-3	6, 7
HB4036	FAILED	5-5-0-0	8, 9
HB2765	DPA/SE	5-2-1-2	10, 11, 12

Christie Kuhl, Committee Secretary
February 19, 2026

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

REVISED - 2/16/26 **REVISED - 2/16/26** **REVISED - 2/16/26**

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

Conv. 8:43am
Adj. 11:16am

REGULAR MEETING AGENDA

COMMITTEE ON INTERNATIONAL TRADE

DATE Wednesday, February 18, 2026 ROOM HHR 1 TIME 8:30 A.M. **(note time change)**

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2026021106

Members:

Representative Austin	Representative Hernandez C	Representative Weninger
Representative Carbone	Representative Martinez	Representative Peña, Vice-Chairman
Representative Cavero	Representative Travers	Representative Rivero, Chairman
Representative Hendrix		

- Presentation: *Investment and Innovation from a European Perspective* – Berthold Baurek-Karlic, Managing Partner (CEO) and Founder of Venionaire Capital AG

	Bills		Short Title	Strike Everything Title
1	*HB2746	DP	trade offices study committee	
			(Rivero)	
		7-0-0-3	IT held 0-0-0-0-0, RULES	
2	HB2750	DP	Arizona-Sonora trade commission	
			(Rivero)	
		5-1-1-3	IT, RULES	
4	HB2765	DPA/SE	international trade commission	**S/E: vapor product manufacturer; rules; violations**
			(Rivero)	
		5-2-1-2	IT, RULES	
3	HB4036	Failed	bulk drug substances; prohibitions	
			(Peña)	
		5-5-0-0	HHS w/d, IT, RULES	

* On previous agenda

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

RA
VC
~~02/12/2026~~
02/16/2026

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Attachment 1

Information Registered on the Request to Speak System

House International Trade (2/18/2026)

HB2746, trade offices study committee

Neutral:

Keith Watkins, Arizona Commerce Authority; Aaron Wodka, AZ COMMERCE AUTHORITY

HB2750, Arizona-Sonora trade commission

Support:

Dianne McCallister, Arizona Technology Council

Oppose:

Beverly Janowitz-Price, representing self; Geoff Habicht, representing self; Judith Lohr, representing self; Ted Kaercher, representing self; michael damiano, representing self

All Comments:

Geoff Habicht, Self: This bill creates unfunded mandates for the state and destroys small businesses like mine who are the good actors. It is a shill for Altria and RJ Big Tobacco and does nothing what they say it does. It hurts AZ business and AZ adult consumers

HB2765, international trade commission

Testified in support:

Amanda Gray, Arizona Petroleum Marketers Association

Testified as opposed:

Brian Hummell, American Cancer Society Cancer Action Network; Tom Dorn, Vapor Technology Association; Jim Norton, AZ Innovates Coalition

Support:

Jobe Dickinson, Border Security Alliance, COMBINED LAW ENFORCEMENT ASSOCIATION OF ARIZONA; Joshua Umar, Arizona Petroleum Marketers Association

Oppose:

Dee Maitland, representing self; Geoff Habicht, representing self; John Paul Willett, representing self; Leslee Steinmann, representing self; Joelene Williamson, representing self; Ted Kaercher, representing self; Bonnie Lund, representing self; Anne Rankin, representing self; Brandon Bittner, representing self; Brett Mecum, FIFTY BAR; JoAnna Strother, AMERICAN LUNG ASSOCIATION IN ARIZONA; Jeremy Gerlach, ARIZONA INNOVATES; michael damiano, representing self; Robert Taney, representing self; David Kopilovitch, representing self

Attachment 2

All Comments:

Jobe Dickinson, Border Security Alliance, COMBINED LAW ENFORCEMENT ASSOCIATION OF ARIZONA: I am in favor of the strike everything amendment as this bill will help local law enforcement enforce regulation on illegal vapes.; Joshua Umar, Arizona Petroleum Marketers Association: We support the strike everything amendment to HB2765. We believe it protects AZ consumers by keeping illegal products out of the market. It cuts off profits to illicit operators who rely on smuggling, while rewarding law-abiding businesses; Jim Norton, AZ Innovates Coalition: On behalf of AZ INNOVATES; Geoff Habicht, Self: This is a bad bill from Big Tobacco that creates a duopoly for them. It creates a unfunded mandate for the state and destroys the good AZ businesses, hurts AZ adult consumers, and creates a paperwork nightmare that does nothing to stop bad actors; John Paul Willett, Self: President of Arizona Innovates: The Harm Reduction Coalition; Joelene Williamson, Self: Don't California our Arizona!; Bonnie Lund, Self: We need low regulations.; Jeremy Gerlach, ARIZONA INNOVATES: Oppose the S/E amendment.; Robert Taney, Self: Always opposed to handouts to the tobacco industry when they are trying to destroy Arizona jobs and funnel adults back onto their failing cigarettes by denying access to safer nicotine alternatives.

HB4036, bulk drug substances; prohibitions

Testified in support:

Gabrielle Cosel, representing self; Shabbir Safdar, PARTNERSHIP FOR SAFE MEDICINES

Testified as opposed:

Angela Derosa, representing self; Garet Turner, representing self

Support:

Julie Hoffman, representing self; Beatrice Rocklin, Arizona Bio Industry Association

Oppose:

Teresa Dickinson, representing self; Kevin Borg, representing self; Kris Kaniski, representing self; Xan Simonson, representing self; Kristen Bishop, representing self; Catherine Tunget, representing self; Barbara Meaney, STRIVE PHARMACY; Monique Whitney, representing self; Mark Boesen, Americans For Access To Compounded Medication; Sarjit Patel, representing self; Erica Luiten, representing self; Steven Moortel, HIMS & HERS, INC; Justin Brock, representing self; Valerie Richards, representing self; Dianne McCallister, ARIZONA PHARMACY BUSINESS COUNCIL; Gibson McKay, AZ NATUROPATHIC MEDICAL ASSOCIATION

All Comments:

Angela Derosa, Self: As a women's health specialist, I rely on compounding pharmacies to properly care for the special needs of my female patients. Restricting reputable & highly regulated compounding pharmacies would greatly impact my ability to care for my patients.; Garet Turner, Self: Arizona Pharmacy Association; Valerie Richards, Self: Will be in person for support.; Dianne McCallister, ARIZONA PHARMACY BUSINESS COUNCIL: .

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on INTERNATIONAL TRADE Bill Number HB2765

Date 02/18/26 ☑ Support ☐ Oppose ☐ Neutral

Name JUSTIN HARRIS Need to Speak? ☑ Yes ☐ No

Representing BORDER SECURITY ALLIANCE Are you a registered lobbyist? No

Complete Address 201 E. WASHINGTON PHX AZ 85004

E-mail Address justinharris4436@gmail.com Phone Number (623) 205-9843

Comments:

*****FIVE-MINUTE SPEAKING LIMIT*****

ARIZONA STATE LEGISLATURE

Fifty-seventh Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **INTERNATIONAL TRADE**

CHAIRMAN: Tony Rivero VICE-CHAIRMAN: Michele Peña

DATE	02/18/26	
CONVENED	8:43 am	
RECESSED		
RECONVENED		
ADJOURNED	11:16 am	
MEMBERS	PRESENT	NOT PRESENT
Austin	✓	
Carbone	✓	
Cavero	✓	
Hendrix	✓	
Hernandez C	✓	
Martinez	✓	
Travers	✓	
Weninger	✓	
Peña, Vice-Chairman	✓	
Rivero, Chairman	✓	
TOTAL	10	~~0~~

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB2746: trade offices study committee
Sponsor: Representative Rivero, LD 27
Committee on International Trade

Overview

Establishes the Study Committee on Trade Offices (Study Committee). Lists the Study Committee's membership and outlines its duties. Repeals the Study Committee on September 30, 2029.

History

The Arizona Commerce Authority (ACA) must establish and supervise, at the direction of the ACA Board of Directors, the operation of full-time or part-time offices in other states and foreign countries for the purpose of expanding direct investment and export trade opportunities for businesses and industries in this state, based on objective research, the ACA determines that the effort would be beneficial to the economy of this state (A.R.S. § 41-1504).

The ACA currently operates trade offices located in Canada (Toronto), Mexico (Mexico City and Chihuahua), Israel (Tel Aviv), Europe (Frankfurt, Germany), Taiwan (Taipei), Republic of Korea (Seoul), Japan (Tokyo) and more recently Romania (Bucharest), to provide support for Arizona businesses to increase international trade and cross-border economic and commercial ties.

Provisions

1. Creates the Study Committee, consisting of members from the House of Representatives (House) as follows:
   a. the chairperson of the International Trade Committee, or its successor committee, or the chairperson's designee, who shall serve as the chairperson;
   b. the chairpersons of the Commerce Committee, the Government Committee and the Appropriations Committee, or its successor committees, or the chairpersons' designees; and
   c. two members of the House appointed by the House Speaker. (Sec. 1)
2. Requires the Study Committee to:
   a. meet as the Study Committee deems necessary;
   b. review and oversee all of the trade offices in this state under the authority of the ACA;
   c. examine ways to improve the trade offices in this state;
   d. solicit input and testimony form stakeholders regarding trade offices in this state;
   e. develop findings and recommendations regarding the effectiveness of the trade offices in this state; and

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

Attachment 4

f. submit a report by December 31, 2028, of the Study Committee's findings and recommendations to the House Speaker. (Sec. 1)

3. Excludes the Study Committee members from being eligible to receive compensation. (Sec. 1)

4. Repeals the Study Committee on September 30, 2029. (Sec. 1)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON International Trade BILL NO. HB 2746

DATE February 18, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Austin		✓			
Carbone		✓			
Cavero		✓			
Hendrix		✓			
Hernandez C		✓			
Martinez					✓
Travers					✓
Weninger					✓
Peña, Vice-Chairman		✓			
Rivero, Chairman		✓			
		7	0	0	3

Christie Kuhl
COMMITTEE SECRETARY

APPROVED:

Tony Rivero
TONY RIVERO, Chairman
MICHELE PEÑA, Vice-Chairman

ATTACHMENT 5

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2750: Arizona-Sonora trade commission
Sponsor: Representative Rivero, LD 27
Committee on Transportation & Infrastructure

Overview

Establishes the Arizona-Sonora Trade Commission (Commission). Lists the Commission's membership, duties and reporting requirements. Repeals the Commission on July 1, 2031.

History

The Arizona-Mexico Commission (AMC) is a group of binational committees run under the executive powers of Arizona. The AMC committees are challenged by the Governors of Arizona and Sonora to work on a wide range of issues, with the shared goal of improving the quality of life in the shared region through cross-border collaboration. The AMC committees are led by co-chairs and committee members from both the public and private sector who come together under the leadership of the governors to identify areas where cooperation can benefit both states.

The committee's welcome participation from members of the AMC and the Comisión Sonora-Estados Unidos (CSEU). The AMC/CSEU binational committees meet formally four times per year. Accomplishments from the committee are presented to the governors twice each year at the summer and winter commission meetings.

Except as otherwise stated by statute or specific legislative appropriation, members of the boards, commissions, councils or advisory committees who are authorized by law to receive compensation may receive compensation at the rate of not to exceed thirty dollars for each day engaged in the services of such board, commission, council or advisory committee (A.R.S. § 38-611).

A state employee, who is eligible for reimbursement, must be reimbursed for lodging, meal and incidental expenses or long-term subsistence incurred when on authorized state business. The director of the Department of Administration establishes maximum amounts for reimbursement (A.R.S. § 38-624).

Provisions

1. Establishes the Commission, consisting of two members, appointed by the Senate President and two members appointed by the Speaker of the House of Representatives, who have knowledge of or any involvement in an organization that promotes Sonoran affairs or who have interest in the well-being of trade relations between this state and Sonora, Mexico. (Sec. 1)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 6

2. Instructs that all appointments to the Commission must be made no later than December 31, 2026, and for a four-year term. (Sec. 1)
3. Stipulates that vacancies must be filled in the same manner as the initial appointment. (Sec. 1)
4. Mandates that appointed members of the Commission must receive compensation at a rate of no more than $30 for each day spent in the performance of duties and are eligible for reimbursement as prescribed. (Sec. 1)
5. Outlines the duties of the Commission, requiring that they must:
   a. annually elect a chairperson and vice chairperson from among its members;
   b. meet at least annually and at the call of the chairperson;
   c. advance bilateral trade and investment between this state and Sonora, Mexico;
   d. initiate joint action on policy issues of mutual interest between this state and Sonora, Mexico;
   e. promote business and academic exchanges between this state and Sonora, Mexico;
   f. encourage mutual economic support between this state and Sonora, Mexico;
   g. encourage mutual investment in the infrastructure of this state and Sonora, Mexico; and
   h. submit a report containing the Commission's findings, results and recommendations to the Senate President and the Speaker of the House of Representatives and provide and copy of the report to the Secretary of State, by December 31, 2027 and each year thereafter. (Sec. 1)
6. Repeals the Commission on July 1, 2031, and repeals the Commission's duties and reporting requirements on January 1, 2032. (Sec. 2)
7. Contains a purpose statement. (Sec. 3)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON International Trade BILL NO. HB 2750

DATE February 18, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Austin			✓		
Carbone		✓			
Cavero				✓	
Hendrix		✓			
Hernandez C		✓			
Martinez					✓
Travers					✓
Weninger					✓
Peña, Vice-Chairman		✓			
Rivero, Chairman		✓			
		5	1	1	3

Christie Kuhl
COMMITTEE SECRETARY

APPROVED:

Tony Rivero
TONY RIVERO, Chairman
MICHELE PEÑA, Vice-Chairman

ATTACHMENT 1

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB4036: bulk drug substances; prohibitions
Sponsor: Representative Peña, LD 23
Committee on International Trade

Overview

Regulates compounded medications and bulk drug substances.

History

It is unlawful for any person to compound, sell or dispense any drugs or to dispense or compound the prescription orders of a medical practitioner, unless that person is a pharmacist or a pharmacy intern acting under the direct supervision of a pharmacist. A pharmacy technician or support personnel is not prevented from assisting in the dispensing of drugs if this is done pursuant to rules adopted by the Arizona State Board of Pharmacy (Board) and under the direct supervision of a licensed pharmacist or under remote supervision by a pharmacist (A.R.S. § 32-1961).

Compounding pharmacies licensed in this state must have access to active pharmaceutical ingredients for use in compounding that meet United States pharmacopeia monographs, if the active pharmaceutical ingredient: 1) is prepared for use by a United States Food and Drug Administration-registered (FDA) active pharmaceutical ingredient manufacturer or packager; and 2) is shipped into this state in compliance with state law and arrives with a certificate of analysis detailing quality specifications, in order to provide chronically ill patients and terminally ill patients with the prescribed individual course of treatment (A.R.S. § 32-1971).

Provisions

1. Mandates that is it unlawful for any person or entity to engage in the sale, transfer or distribution of a drug compounded under the Federal Food, Drug, and Cosmetic Act (FD&C Act) using a drug substance that is a glucose-dependent insulinotropic polypeptide receptor or glucagon-like peptide-1 receptor agonist used for obesity or weight management or a drug substance component of a similar drug approved by the FDA for obesity or weight management. (Sec. 1)
2. Allows the drug compounder to be sold, transferred or distributed only if the compounder:
   a. uses bulk drug substances that comply with the standards of a United States pharmacopoeia or national formulary monograph and the United States pharmacopoeia chapter on pharmacy compounding, as prescribed;
   b. confirms that any bulk drug substance used was manufactured according to the process prescribed by federal law;
   c. ensures that the bulk drug substance is a pharmaceutical grade product;

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

Attachment 6

d. verifies that the bulk drug substance is accompanied by a valid certificate of analysis;
e. conducts and documents quality control testing of any bulk drug substance before its use in a compounded drug, as outlined;
f. conducts and documents quality control testing of the finished drug product compounded, as prescribed;
g. obtains proof that the manufacture of the bulk drug substance took place in an establishment that meets listed requirements; and
h. complies with the FD&C Act. (Sec. 1)

3. Stipulates that it is unlawful for any manufacturer or wholesaler to sell, transfer or distribute a bulk drug substance for use in compounding without providing to the purchaser written verification that the substance is pharmaceutical grade and meets sourcing requirements and documentation of any quality control testing as outlined. (Sec. 1)

4. Requires any person or entity engaging in the sale, transfer or distribution of compounded drugs to maintain all records related to the acquisition, examination and testing of the bulk drug substance for at least two years after the expiration date of the last lot of drug substance, as prescribed. (Sec. 1)

5. Authorizes the Board or the Board's authorized agent to inspect any person or entity engaging in compounding drugs, as well as any domestic supplier, wholesaler, repackager or other provider of the drug substance. (Sec. 1)

6. Asserts that refusal to allow the Board access to conduct an inspection constitutes a violation. (Sec. 1)

7. Mandates that it is unlawful for any person to advertise or otherwise promote compounded medications unless the advertisement is truthful and not misleading as outlined. (Sec. 1)

8. Subjects a person or entity in violation to a civil penalty of $1,000 per dose of the illegally compounded drug sold, transferred or distributed and a suspension or revocation of the licensee's or permittee's license or permit. (Sec. 1)

9. Allows the Board to adopt rules as necessary to implement regulation on compounded medications. (Sec. 1)

10. Defines pertinent terms. (Sec. 1)

11. Contains legislative findings. (Sec. 1)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON International Trade BILL NO. HB 4036

DATE February 18, 2026 MOTION: Failed

	PASS	AYE	NAY	PRESENT	ABSENT
Austin			✓		
Carbone			✓		
Cavero		✓			
Hendrix			✓		
Hernandez C		✓			
Martinez		✓			
Travers			✓		
Weninger			✓		
Peña, Vice-Chairman		✓			
Rivero, Chairman		✓			
		5	5	0	0

Christie Kuhl
COMMITTEE SECRETARY

APPROVED:

Tony Rivero
TONY RIVERO, Chairman
MICHELE PEÑA, Vice-Chairman

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2765: ~~international trade commission~~
S/E: vapor product manufacturer; rules; violations
Sponsor: Representative Rivero, LD 27
Committee on International Trade

Summary of Strike-Everything Amendment to HB 2765

Overview

Regulates vapor products. Mandates rules and requirements for vapor product manufacturers and for the Arizona Department of Revenue (DOR).

History

Current statute tasks DOR with regulating the licensure of tobacco retailers, the taxation of tobacco products and recordkeeping of importers, distributors and retailers of tobacco products. Every person acquiring or possessing for the purposes of making the initial sale or distribution in this state of any tobacco products on which a luxury privilege tax is imposed must obtain from DOR a license to sell tobacco products.

The application for the tobacco distributor has a fee of $25 for each place of business listed in the application. The applicant must include in the application form the identity of the applicant, the applicant's place of business, any location that maintains inventory of the tobacco products, and any other location requested by DOR. If the applicant is a firm, partnership, limited liability company or corporation, they must list the name and address of the members or officers (A.R.S. § 42-3401, 42-3404, 42-3405).

Provisions

Vapor Product Manufacturer Licensing Fund

1. Establishes the Vapor Product Manufacturer Licensing Fund (Fund), consisting of licensing fees and civil penalties which are subject to legislative appropriation. (Sec. 5)
2. Requires DOR to administer the Fund. (Sec. 5)
3. Mandates that Fund monies must be used for the enforcement of vapor product manufacturer license regulation. (Sec. 5)

Vapor Product Manufacturer License

4. Allows a vapor manufacturer whether directly or through an importer, distributor, retailer or a similar intermediary, after December 31, 2026, to offer for sale or sell vapor products only if they hold a valid vapor product manufacturer license. (Sec. 5)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 10

5. Tasks DOR with establishing the rules, fees and renewal associated with the vapor product manufacturing license (license). (Sec. 5)
6. Mandates that DOR must deposit fees related to the license into the Fund. (Sec. 5)
7. Stipulates that a license is only valid for one year, unless DOR suspends or revokes the license and must be renewed annually. (Sec. 5)
8. Restricts renewal for a license if the manufacturer is liable for any outstanding civil penalties. (Sec. 5)
9. Allows DOR to receive and review license applications electronically. (Sec. 5)
10. Asserts the manufacturer's license is nontransferable. (Sec. 5)

Vapor Product Certification

11. Instructs each license applicant to file, as prescribed, a certification as a condition precedent to obtain a license. (Sec. 5)
12. Prohibits a vapor manufacturer, that has not filed the required certification, from being issued a license and prohibits the manufacturer to sell its vapor products. (Sec. 5)
13. Requires the certification to be made under penalty of perjury on a form and in a manner prescribed by DOR. (Sec. 5)
14. Lists the certification's requirements. (Sec. 5)
15. Restricts a vapor manufacturer from selling at retail or to a consumer any type or model of vapor products not included in the vapor product list found in the manufacturer's certification without first filing a DOR-approved amended certification. (Sec. 5)
16. Tasks each manufacturer that obtains a license to submit to DOR within 30 days a notice of any changes to the manufacturer's vapor product list submitted with the required certification and every six months, an attestation that confirms the information submitted in the manufacturer's license application remains accurate, as outlined. (Sec. 5)
17. Asserts that applications or certificates that contain false information violate consumer fraud regulation and are subject to remedies pertaining to consumer fraud. (Sec. 5)
18. Allows DOR to notify appropriate federal and state agencies regarding fraudulent information submitted on an application or certificate form. (Sec. 5)

Nonresident or Foreign Manufacturer

19. Requires any nonresident or foreign manufacturer not registered to do business relating to vapor products in this state as a foreign corporation or business entity to;
    a. appoint and continually engage the services of an agent for the service of process relating to the sale of vapor products in this state, as prescribed;
    b. provide the name, address, telephone number and proof of the appointment and availability of the agent to DOR;
    c. notify DOR, as outlined:
        i. at least 30 days before terminating the authority of the agent;
        ii. at least 5 days before terminating the existing agent of the new agent's appointment; and
        iii. within 5 days of an agent terminating an appointment and include satisfactory proof to DOR of the new agent's appointment. (Sec. 5)

20. Directs any nonresident or foreign manufacturer not registered in this state to submit to DOR a surety bond or other cash security payable to this state in the amount of $25,000. (Sec. 5)

21. Outlines requirements pertaining to surety bonds for nonresident or foreign manufacturers. (Sec. 5)

Vapor Product Manufacturer and DOR Rules

22. Requires a manufacturer that ceases business because of discontinuation, sale or transfer of the manufacturer's business to notify DOR in writing at the time that the discontinuance, sale or transfer takes effect. (Sec. 5)

23. Instructs a vapor manufacturer to have established sufficient contact with this state for the exercise of personal jurisdiction over the manufacturer in any matter or issue related to the sale of vapor products. (Sec. 5)

24. Tasks DOR with maintaining and making publicly available on DOR's website all licensed vapor product manufacturers and all vapor products included in the vapor product list submitted by the licensed manufacturer. (Sec. 5)

25. Restricts the sale of vapor products that are not included on the manufacturer's vapor products list to retail consumers in this state, either directly or through an importer, distributor, retailer or a similar intermediary. (Sec. 5)

26. Requires retailers to only purchase vapor products from a distributor or licensed manufacturer and for distributors to only purchase vapor products from licensed manufacturers. (Sec. 5)

Violations of Rules

27. Subjects any business operating as a vapor manufacturer without a license and a licensed manufacturer found in violation to:
    a. a civil penalty of $2,500 for their first violation;
    b. a civil penalty of $5,000 and a class 2 misdemeanor, for their second violation within 36 months; and
    c. a civil penalty $10,000, a class 1 misdemeanor, for their third or subsequent violation within 36 months. An unlicensed manufacturer is ineligible to be licensed for 36 months and a manufacturer's license is to be revoked and is ineligible to receive or renew a license for 36 months. (Sec. 5)

28. Tasks DOR with depositing the civil penalties collected for any violation of vapor products rules into the Fund. (Sec. 5)

29. Subjects vapor products in violation of vapor regulation to seizure and destruction. (Sec. 5)

Delegation of Authority

30. Allows DOR to delegate the enforcement and compliance inspections to any county or law enforcement agency that accepts this delegation and to collaborate and use the findings of other state agencies to carry out the obligations as prescribed. (Sec. 5)

31. Requires the delegated licensing authority or any law enforcement agency, conducting compliance checks to assess retail tobacco vendor compliance with the legal age, to report the compliance check results to DOR. (Sec. 5)

Miscellaneous

32. Adds vapor products to the list of items exempted from tobacco taxes. (Sec. 3)
33. Conforms vapor products, vapor product manufacturer, importer and distributor to recordkeeping requirements on tobacco products. (Sec. 4)
34. Modifies the heading of title 42, chapter 3, article 10. (Sec. 2)
35. Contains an effective date of December 31, 2026. (Sec. 6)
36. Contains a severability clause. (Sec. 7)
37. Makes conforming and technical changes. (Sec. 1 and 4)
38. Defines pertinent terms. (Sec. 1)

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2765
(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 42-3001, Arizona Revised Statutes, is amended to read:

42-3001. Definitions

In this chapter, unless the context otherwise requires:

1. "Affix" and "affixed" include imprinting tax meter stamps on packages and individual containers as authorized by the department.

2. "Brand family" has the same meaning prescribed in section 44-7111.

3. "Cavendish" means a tobacco product that is smoked from a pipe and that meets one of the following criteria:

(a) Is described as cavendish, as containing cavendish or as a cavendish blend on its packaging, labeling or promotional materials.

(b) Appears to have been processed or manufactured with an amount of flavorings and humectants that exceeds twenty percent of the weight of the tobacco contained in the product.

(c) Appears to be blended with or contain a tobacco product described in subdivision (b) of this paragraph.

4. "Cider" means vinous liquor that is made from the normal alcoholic fermentation of the juice of sound, ripe apples, pears or other pome fruit, including flavored, sparkling and carbonated cider and cider made from condensed apple, pear or other pome fruit must, and that contains more than one-half of one percent of alcohol by volume but not more than seven percent of alcohol by volume.

5. "Cigar" means any roll of tobacco wrapped in leaf tobacco or in any substance containing tobacco other than any roll of tobacco that is a cigarette, as defined in paragraph 6, subdivision (b) of this section.

6. "Cigarette" means either of the following:

(a) Any roll of tobacco wrapped in paper or any substance not containing tobacco.

(b) Any roll of tobacco wrapped in any substance containing tobacco that, because of its appearance, the type of tobacco used in the filler or its packaging and labeling, is likely to be offered to or purchased by a consumer as a cigarette described in subdivision (a) of this paragraph. This subdivision shall be interpreted consistently with the classification guidelines established by the federal alcohol and tobacco tax and trade bureau.

7. "Consumer" means a person in this state that comes into possession of any luxury subject to the tax imposed by this chapter and

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

Attachment 11

that, on coming into possession of the luxury, is not a distributor intending to sell or distribute the luxury, a retailer or a wholesaler.

8. "Craft distiller" means a distiller in the United States or in a territory or possession of the United States that holds a license pursuant to section 4-205.10.

9. "Distributor" means any person that manufactures, produces, ships, transports or imports into this state or in any manner acquires or possesses for the purpose of making the first sale of the following:

(a) Cigarettes without Arizona tax stamps affixed as required by this article.

(b) Roll-your-own tobacco or other tobacco products on which the taxes have not been paid as required by this chapter.

(c) VAPOR PRODUCTS.

(d) OTHER PRODUCTS THAT CONTAIN NICOTINE OR A NICOTINE ANALOG, UNLESS THE PRODUCT IS REGULATED BY THE UNITED STATES FOOD AND DRUG ADMINISTRATION UNDER CHAPTER V OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

10. "Farm winery" has the same meaning prescribed in section 4-101.

11. "First sale" means the initial sale or distribution in intrastate commerce or the initial use or consumption of cigarettes, roll-your-own tobacco or other tobacco products.

12. "Luxury" means any article, object or device on which a tax is imposed under this chapter.

13. "Malt liquor" means any liquid that contains more than one-half of one percent alcohol by volume and that is made by the process of fermentation and not distillation of hops or grains, but not including:

(a) Liquids made by the process of distillation of such substances.

(b) Medicines that are unsuitable for beverage purposes.

14. "Master settlement agreement" has the same meaning prescribed in section 44-7101.

15. "Microbrewery" has the same meaning prescribed in section 4-101.

16. "NICOTINE ANALOG" MEANS A SUBSTANCE THAT HAS A CHEMICAL STRUCTURE THAT IS SUBSTANTIALLY SIMILAR TO THE CHEMICAL STRUCTURE OF NICOTINE OR THAT HAS, PURPORTS TO HAVE OR IS REPRESENTED TO HAVE AN EFFECT ON THE CENTRAL NERVOUS SYSTEM THAT IS SIMILAR TO OR GREATER THAN THE EFFECT OF NICOTINE ON THE CENTRAL NERVOUS SYSTEM. FACTORS RELEVANT TO DETERMINING WHETHER A SUBSTANCE IS A NICOTINE ANALOG INCLUDE THE MARKETING, ADVERTISING AND LABELING OF THE SUBSTANCE AND WHETHER THE SUBSTANCE HAS BEEN MANUFACTURED, FORMULATED, SOLD, DISTRIBUTED OR MARKETED WITH THE INTENT TO AVOID THE PROVISIONS OF THIS CHAPTER OR ANY OTHER SECTION OF LAW APPLICABLE TO NICOTINE ANALOGS.

~~16.~~ 17. "Nonparticipating manufacturer" has the same meaning prescribed in section 44-7111.

~~17.~~ 18. "Other tobacco products" means tobacco products other than cigarettes and roll-your-own tobacco.

~~18.~~ 19. "Participating manufacturer" has the same meaning prescribed in section 44-7111.

~~19.~~ 20 "Person" means any individual, firm, partnership, joint venture, association, corporation, municipal corporation, estate, trust, club, society or other group or combination acting as a unit, and the plural as well as the singular number.

~~20.~~ 21. "Place of business":

(a) Means a building, facility site or location where an order is received or where tobacco products are sold, distributed or transferred. ~~Place of business~~

(b) Does not include a vehicle.

~~21.~~ 22. "Retailer" means any person that comes into possession of any luxury subject to the taxes imposed by this chapter for the purpose of selling it for consumption and not for resale.

~~22.~~ 23. "Roll-your-own tobacco" means any tobacco that, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to or purchased by consumers as tobacco for making cigarettes. This paragraph shall be interpreted consistently with the term as used in section 44-7101. This paragraph shall be interpreted consistently with the classification guidelines established by the federal alcohol and tobacco tax and trade bureau.

~~23.~~ 24. "Smoking tobacco":

(a) Means any tobacco that, because of its appearance, type, packaging, labeling or promotion, is suitable for use and likely to be offered to or purchased by consumers as tobacco for making cigarettes or otherwise consumed by burning. ~~Smoking tobacco~~

(b) Includes pipe tobacco and roll-your-own tobacco.

~~24.~~ 25. "Spirituous liquor":

(a) Means any liquid that contains more than one-half of one percent alcohol by volume, that is produced by distillation of any fermented substance and that is used or prepared for use as a beverage. ~~Spirituous liquor~~

(b) Does not include medicines that are unsuitable for beverage purposes.

~~25.~~ 26. "Tobacco product manufacturer" has the same meaning prescribed in section 44-7101.

~~26.~~ 27. "Tobacco products" means all luxuries included in section 42-3052, paragraphs 5 through 9.

28. "VAPOR PRODUCT":

(a) MEANS A NONCOMBUSTIBLE PRODUCT THAT CONTAINS NICOTINE OR A NICOTINE ANALOG AND THAT EMPLOYS A MECHANICAL HEATING ELEMENT, BATTERY OR CIRCUIT, REGARDLESS OF SHAPE OR SIZE, THAT CAN BE USED TO HEAT A SOLUTION CONTAINING NICOTINE OR A NICOTINE ANALOG.

(b) DOES NOT INCLUDE ANY PRODUCT THAT IS REGULATED BY THE UNITED STATES FOOD AND DRUG ADMINISTRATION UNDER CHAPTER V OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

29. "VAPOR PRODUCT MANUFACTURER" MEANS A PERSON OR ENTITY THAT MANUFACTURES, FABRICATES, ASSEMBLES, PROCESSES OR LABELS A FINISHED VAPOR PRODUCT FOR SALE IN THIS STATE.

~~27.~~ 30. "Vehicle" means a device in, on or by which a person or property is or may be transported or drawn on the roads of this state regardless of the means by which it is propelled or whether it runs on a track.

~~28.~~ 31. "Vinous liquor":

(a) Means any liquid that contains more than one-half of one percent alcohol by volume and that is made by the process of fermentation of grapes, berries, fruits, vegetables or other substances. ~~But~~

(b) Does not include:

~~(a)~~ (i) Liquids in which hops or grains are used in the process of fermentation.

~~(b)~~ (ii) Liquids made by the process of distillation of hops or grains.

~~(c)~~ (iii) Medicines that are unsuitable for beverage purposes.

~~29.~~ 32. "Wholesaler" means a person that sells any spirituous, vinous or malt liquor taxed under this chapter to retail dealers or for the purposes of resale only.

Sec. 2. Heading change

The article heading of title 42, chapter 3, article 10, Arizona Revised Statutes, is changed from "DISTRIBUTORS AND RETAILERS OF TOBACCO PRODUCTS" to "DISTRIBUTORS, RETAILERS AND MANUFACTURERS OF TOBACCO PRODUCTS AND VAPOR PRODUCTS".

Sec. 3. Section 42-3404, Arizona Revised Statutes, is amended to read:

42-3404. Exemptions and exclusions of certain tobacco products from tobacco taxes

A. The taxes imposed by this chapter do not apply to:

1. Tobacco products that are sold to the United States army, air force, navy, marine corps or coast guard exchanges and commissaries and navy or coast guard ships' stores.

2. Tobacco products that are sold to the United States department of veterans affairs.

3. Tobacco products that are non-tax-paid under subtitle E, chapter 52 of the internal revenue code and that are under internal revenue bond or customs control.

4. Tobacco products that are sold or transferred to a law enforcement agency for use in a criminal investigation if the sale or transfer is authorized by the department. A law enforcement agency authorized by the department to receive or purchase tobacco products is not required to:

(a) Be licensed as a distributor.

(b) Collect or remit the tax imposed by this chapter with respect to authorized distributions.

5. Tobacco products that are sold by a distributor licensed under section 42-3401 to a common carrier engaged in foreign passenger service or to a retailer that sells tobacco products on the facilities of the carrier that are dedicated to foreign passenger service.

6. Federally tax free tobacco products that are sold or given for delivery directly from the manufacturer under internal revenue bond to a veterans' home of this state or a hospital or domiciliary facility of the United States department of veterans affairs for gratuitous issue to veterans receiving hospitalization or domiciliary care. The taxes are not imposed with respect to the use or consumption of the tobacco products by the institution, veteran patients or domiciliaries.

7. Tobacco products that are sold by a manufacturer to a distributor licensed under section 42-3401.

8. Tobacco products that are manufactured outside the United States and that are sold by an importer to a distributor licensed under section 42-3401.

9. VAPOR PRODUCTS.

B. Subsection A, paragraphs 1 and 2 of this section do not apply after the first day of the first calendar month beginning more than sixty days after existing federal law is amended to permit state taxation of cigarettes sold by or through federal military installations.

C. Sales of tobacco products by a licensed distributor to an instrumentality of the United States government must be supported by a separate sales invoice and a properly completed federal exemption certificate. Each sales invoice must be numbered, be dated and show the name of the seller, the name of the purchaser and the destination.

D. This section does not affect the imposition of transaction privilege and use taxes pursuant to chapter 5 of this title to any transactions described in subsection A of this section if the transaction is otherwise subject to transaction privilege tax or use tax.

E. The exemptions and exclusions provided in subsection A of this section do not affect the taxability under this chapter of tobacco products that are sold, given or transferred to a person in this state subsequent to the transactions described in subsection A of this section.

Sec. 4. Section 42-3405, Arizona Revised Statutes, is amended to read:

42-3405. Tobacco and vapor product manufacturers, importers, distributors and retailers; recordkeeping and invoicing requirements; retention period

A. Except for retail transactions with consumers, each manufacturer, importer and distributor of tobacco products AND EACH VAPOR PRODUCT MANUFACTURER, IMPORTER AND DISTRIBUTOR shall maintain copies of invoices or equivalent documentation for each facility and for each transaction that involves the sale, purchase, transfer, consignment or receipt of tobacco products AND VAPOR PRODUCTS within this state. The invoices or equivalent documentation for each transaction shall be in the form and manner prescribed by the department and shall indicate the name and address of the other party and the quantity by brand style of the tobacco products OR VAPOR PRODUCTS involved in the transaction.

B. A distributor of tobacco products OR VAPOR PRODUCTS shall issue an invoice or equivalent documentation for each transaction that involves the sale, purchase or consignment of tobacco products OR VAPOR PRODUCTS to

a retailer. The invoice or equivalent documentation must include the license number of the distributor, which the retailer may use to ascertain whether the license is current and valid.

C. Any retailer of tobacco products OR VAPOR PRODUCTS shall retain all invoices or equivalent documentation received under subsection B of this section.

D. Records required under this section shall be preserved on the premises described in the relevant license in a manner as to ensure accessibility for inspection at reasonable hours by authorized personnel of the department. With the department's permission, persons with multiple places of business may retain centralized records, but shall transmit duplicates of the invoices or the equivalent documentation to each place of business within three business days after a request by the department.

E. The records required by this section shall be retained for a period of four years after the date of the transaction.

F. On request, the department and the United States secretary of the treasury or secretary's designee shall have access to records required under this section and reports required under section 42-3462. The department at its sole discretion may share the records and reports required by this chapter with other law enforcement officials of federal and state governments under conditions that assume the confidentiality of taxpayer information contained in the records and reports.

Sec. 5. Title 42, chapter 3, article 10, Arizona Revised Statutes, is amended by adding sections 42-3407, 42-3408 and 42-3409, to read:

42-3407. Vapor product manufacturer license; rules; fees; certification; application; bond; product list; civil penalties; violation; classification

A. FROM AND AFTER DECEMBER 31, 2026, A VAPOR PRODUCT MANUFACTURER MAY NOT OFFER FOR SALE OR SELL VAPOR PRODUCTS, WHETHER DIRECTLY OR THROUGH AN IMPORTER, DISTRIBUTOR OR RETAILER OR A SIMILAR INTERMEDIARY OR INTERMEDIARIES, WITHOUT A VALID VAPOR PRODUCT MANUFACTURER LICENSE.

B. THE DEPARTMENT SHALL ADOPT RULES TO ADMINISTER THIS SECTION AND ESTABLISH FEES FOR AN INITIAL VAPOR PRODUCT MANUFACTURER LICENSE AND THE RENEWAL OF THE LICENSE. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THE FEES COLLECTED PURSUANT TO THIS SECTION IN THE VAPOR PRODUCT MANUFACTURER LICENSING FUND ESTABLISHED BY SECTION 42-3409.

C. A VAPOR PRODUCT MANUFACTURER LICENSE IS VALID FOR ONE YEAR, UNLESS THE DEPARTMENT OR THE DEPARTMENT'S DESIGNEE SUSPENDS OR REVOKES THE LICENSE, AND MUST BE RENEWED ANNUALLY. A VAPOR PRODUCT MANUFACTURER LICENSE MAY NOT BE RENEWED IF THE VAPOR PRODUCT MANUFACTURER IS LIABLE FOR ANY OUTSTANDING CIVIL PENALTIES PURSUANT TO THIS SECTION. THE DEPARTMENT MAY RECEIVE AND REVIEW VAPOR PRODUCT MANUFACTURER LICENSE APPLICATIONS ELECTRONICALLY.

D. EACH APPLICANT FOR A VAPOR PRODUCT MANUFACTURER LICENSE SHALL FILE A CERTIFICATION AS PROVIDED IN THIS SECTION AS A CONDITION PRECEDENT TO OBTAIN A LICENSE. WITHOUT FILING THE CERTIFICATION, THE VAPOR PRODUCT

MANUFACTURER MAY NOT BE ISSUED A VAPOR PRODUCT MANUFACTURER LICENSE AND MAY NOT SELL ITS VAPOR PRODUCTS IN THIS STATE OR TO A CONSUMER IN THIS STATE, WHETHER DIRECTLY OR THROUGH A DISTRIBUTOR OR RETAILER OR A SIMILAR INTERMEDIARY OR INTERMEDIARIES.

E. A CERTIFICATION FILED UNDER THIS SECTION SHALL BE MADE UNDER PENALTY OF PERJURY ON A FORM AND IN A MANNER PRESCRIBED BY THE DEPARTMENT. THE CERTIFICATION MUST INCLUDE THE FOLLOWING:

1. THE NAME AND ADDRESS OF THE APPLICANT OR, IF THE APPLICANT IS A FIRM, PARTNERSHIP, LIMITED LIABILITY COMPANY OR ASSOCIATION, THE NAME AND ADDRESS OF EACH OF ITS MEMBERS OR, IF THE APPLICANT IS A CORPORATION, THE NAME AND ADDRESS OF EACH OF ITS OFFICERS AND THE ADDRESS OF ITS PRINCIPAL PLACE OF BUSINESS.

2. THE ADDRESS OF THE PRINCIPAL PLACE OF BUSINESS OF THE APPLICANT THAT IS SEEKING A LICENSE.

3. EITHER OF THE FOLLOWING:

(a) A COPY OF THE PREVENT ALL CIGARETTE TRAFFICKING ACT OF 2009 REGISTRATION FORM, OR AN EQUIVALENT SUCCESSOR FORM, DESIGNATED BY THE BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES OF THE UNITED STATES DEPARTMENT OF JUSTICE AS SUBMITTED BY THE APPLICANT TO THE BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES AND AN ATTESTATION THAT THE APPLICANT IS IN COMPLIANCE WITH, AND WILL CONTINUE TO COMPLY WITH, ALL APPLICABLE REQUIREMENTS OF 15 UNITED STATES CODE SECTIONS 375 AND 376.

(b) A STATEMENT EXPLAINING WHY THE PREVENT ALL CIGARETTE TRAFFICKING ACT OF 2009 IS NOT APPLICABLE TO THE APPLICANT AND THE APPLICANT'S PRODUCTS.

4. AN ATTESTATION THAT THE APPLICANT WILL COMPLY WITH ALL APPLICABLE LAWS OF THIS STATE AND ALL APPLICABLE LAWS OF THE JURISDICTION THAT ENCOMPASSES THE APPLICANT'S PRINCIPAL PLACE OF BUSINESS.

5. A LIST OF EACH TYPE OR MODEL OF THE APPLICANT'S VAPOR PRODUCT THAT IS SOLD OR OFFERED FOR SALE IN THIS STATE, INCLUDING FOR EACH VAPOR PRODUCT THE VAPOR PRODUCT NAME, VAPOR PRODUCT CATEGORY, VOLUME OF NICOTINE BY WEIGHT AND TOTAL VOLUME.

6. A NOTARIZED ATTESTATION THAT THE APPLICANT'S VAPOR PRODUCTS, AS WELL AS ALL COMPONENTS OR PARTS OF VAPOR PRODUCTS, FULLY COMPLY WITH THE REQUIREMENTS OF THE UNITED STATES CUSTOMS AND BORDER PROTECTION, INCLUDING ACCURATE ENTRY SUMMARY FORMS, OR EQUIVALENT SUCCESSOR FORMS, AND THAT THE APPLICANT IS NOT IN VIOLATION OF 18 UNITED STATES CODE SECTION 541, 542 OR 545. THE DEPARTMENT MAY REQUEST THAT THE APPLICANT PROVIDE ADDITIONAL RELEVANT DOCUMENTS, INCLUDING COPIES OF OTHER UNITED STATES CUSTOMS AND BORDER PROTECTION FORMS, COMMERCIAL INVOICES, CARGO RELEASE RESULTS REPORTS AND AIRWAY BILLS OR BILLS OF LADING.

7. FOR AN APPLICANT WITH A PRINCIPAL PLACE OF BUSINESS LOCATED OUTSIDE OF THE UNITED STATES, A DECLARATION, IN A FORM PRESCRIBED BY THE DEPARTMENT, FROM EACH OF THE APPLICANT'S IMPORTERS INTO THE UNITED STATES OF ANY OF THE APPLICANT'S BRANDS TO BE SOLD OR OFFERED FOR SALE IN THIS STATE, THAT THE IMPORTER ACCEPTS JOINT AND SEVERAL LIABILITY WITH THE APPLICANT FOR ALL LIABILITY IMPOSED IN ACCORDANCE WITH THIS SECTION,

INCLUDING ANY FEES, COSTS, ATTORNEY FEES AND PENALTIES IMPOSED UNDER THIS CHAPTER.

8. ANY OTHER INFORMATION AS THE DEPARTMENT MAY REQUIRE FOR THE PURPOSE OF ADMINISTERING THIS CHAPTER.

F. A VAPOR PRODUCT MANUFACTURER MAY NOT CAUSE TO BE SOLD OR OFFER FOR SALE AT RETAIL IN THIS STATE OR TO A CONSUMER IN THIS STATE ANY TYPE OR MODEL OF VAPOR PRODUCT THAT IS NOT INCLUDED IN THE VAPOR PRODUCT LIST PROVIDED WITH THE VAPOR PRODUCT MANUFACTURER'S CERTIFICATION WITHOUT FIRST FILING AN AMENDED CERTIFICATION ON A FORM AND IN A MANNER PRESCRIBED BY THE DEPARTMENT.

G. EACH VAPOR PRODUCT MANUFACTURER THAT OBTAINS A LICENSE UNDER THIS SECTION SHALL SUBMIT TO THE DEPARTMENT:

1. WITHIN THIRTY DAYS OF ANY CHANGES TO THE VAPOR PRODUCT MANUFACTURER'S VAPOR PRODUCT LIST SUBMITTED WITH THE CERTIFICATION REQUIRED BY THIS SECTION, A NOTICE OF THE CHANGES.

2. EVERY SIX MONTHS, AN ATTESTATION THAT CONFIRMS THE INFORMATION SUBMITTED IN THE VAPOR PRODUCT MANUFACTURER'S LICENSE APPLICATION REMAINS ACCURATE. THE DEPARTMENT MAY REQUEST THAT THE VAPOR PRODUCT MANUFACTURER PROVIDE ADDITIONAL RELEVANT DOCUMENTS RELATED TO THE ATTESTATION.

H. SUBMISSION OF AN APPLICATION OR CERTIFICATION THAT CONTAINS FALSE INFORMATION IS A VIOLATION OF TITLE 44, CHAPTER 10, ARTICLE 7 AND IS SUBJECT TO REMEDIES AVAILABLE UNDER TITLE 44, CHAPTER 10, ARTICLE 7. THE DEPARTMENT MAY NOTIFY APPROPRIATE FEDERAL AND STATE AGENCIES REGARDING FALSE INFORMATION SUBMITTED ON AN APPLICATION OR CERTIFICATION FORM.

I. ANY NONRESIDENT OR FOREIGN VAPOR PRODUCT MANUFACTURER THAT HAS NOT REGISTERED TO DO BUSINESS IN THIS STATE AS A FOREIGN CORPORATION OR BUSINESS ENTITY, AS A CONDITION PRECEDENT TO RECEIVING A VAPOR PRODUCT MANUFACTURER LICENSE, SHALL APPOINT AND CONTINUALLY ENGAGE WITHOUT INTERRUPTION THE SERVICES OF AN AGENT IN THIS STATE TO ACT AS AGENT FOR THE SERVICE OF PROCESS ON WHOM ALL PROCESS, AND ANY ACTION OR PROCEEDING AGAINST THE VAPOR PRODUCT MANUFACTURER CONCERNING OR ARISING OUT OF THE ENFORCEMENT OF THIS SECTION OR PROVISIONS RELATING TO THE SALE OF THE VAPOR PRODUCT MANUFACTURER'S VAPOR PRODUCTS IN THIS STATE, MAY BE SERVED IN ANY MANNER AUTHORIZED BY LAW. SERVICE ON THE AGENT CONSTITUTES LEGAL AND VALID SERVICE OF PROCESS ON THE VAPOR PRODUCT MANUFACTURER. THE VAPOR PRODUCT MANUFACTURER SHALL PROVIDE THE NAME, ADDRESS, TELEPHONE NUMBER AND PROOF OF THE APPOINTMENT AND AVAILABILITY OF THE AGENT TO THE DEPARTMENT. THE VAPOR PRODUCT MANUFACTURER SHALL NOTIFY THE DEPARTMENT AT LEAST THIRTY CALENDAR DAYS BEFORE TERMINATING THE AUTHORITY OF AN AGENT AND PROVIDE PROOF TO THE SATISFACTION OF THE DEPARTMENT OF A NEW AGENT'S APPOINTMENT AT LEAST FIVE CALENDAR DAYS BEFORE TERMINATING THE EXISTING AGENT APPOINTMENT. IF AN AGENT TERMINATES AN APPOINTMENT, THE VAPOR PRODUCT MANUFACTURER SHALL NOTIFY THE DEPARTMENT OF THE TERMINATION WITHIN FIVE CALENDAR DAYS AND INCLUDE PROOF TO THE SATISFACTION OF THE DEPARTMENT OF A NEW AGENT'S APPOINTMENT.

J. ANY NONRESIDENT OR FOREIGN VAPOR PRODUCT MANUFACTURER THAT HAS NOT REGISTERED TO DO BUSINESS IN THIS STATE AS A FOREIGN CORPORATION OR BUSINESS ENTITY, AS A CONDITION PRECEDENT TO RECEIVING A VAPOR PRODUCT

MANUFACTURER LICENSE, SHALL SUBMIT TO THE DEPARTMENT A SURETY BOND OR OTHER CASH SECURITY PAYABLE TO THIS STATE IN THE AMOUNT OF $25,000. THE BOND SHALL BE POSTED BY A CORPORATE SURETY LOCATED WITHIN THE UNITED STATES. THE BOND SHALL BE CONDITIONED ON THE PERFORMANCE BY THE VAPOR PRODUCT MANUFACTURER OF THE REQUIREMENTS PRESCRIBED BY THIS SECTION. A SURETY ON A VAPOR PRODUCT MANUFACTURER'S BOND IS LIABLE FOR UP TO THE AMOUNT OF THE BOND, AND THIS STATE MAY EXECUTE ON THE SURETY BOND FOR THE PAYMENT OF FEES AND CIVIL PENALTIES IMPOSED ON THE VAPOR PRODUCT MANUFACTURER UNDER THIS SECTION AND FOR THE COSTS OF SEIZURE AND DESTRUCTION OF VAPOR PRODUCTS SOLD OR OFFERED FOR SALE IN VIOLATION OF THIS SECTION. IF THIS STATE EXECUTES ON THE SURETY BOND, THE DEPARTMENT MAY REQUIRE THE VAPOR PRODUCT MANUFACTURER TO PROVIDE AN ADDITIONAL BOND BEFORE RETAINING THE VAPOR PRODUCT MANUFACTURER OR THE VAPOR PRODUCT MANUFACTURER'S VAPOR PRODUCTS ON THE LISTS ON THE DEPARTMENT'S WEBSITE. A SURETY ON A BOND FURNISHED BY A VAPOR PRODUCT MANUFACTURER AS PROVIDED IN THIS SECTION SHALL BE RELEASED AND DISCHARGED FROM LIABILITY TO THIS STATE, ACCRUING ON THE BOND AFTER SIXTY DAYS FROM THE DATE ON WHICH THE SURETY PROVIDES A WRITTEN REQUEST TO BE RELEASED AND DISCHARGED TO THE DEPARTMENT. THIS SUBSECTION DOES NOT RELIEVE, RELEASE OR DISCHARGE THE SURETY FROM LIABILITY ALREADY ACCRUED OR THAT WILL ACCRUE BEFORE THE SIXTY-DAY PERIOD EXPIRES. THE DEPARTMENT, ON RECEIVING ANY SUCH REQUEST, SHALL NOTIFY THE VAPOR PRODUCT MANUFACTURER THAT FURNISHED THE BOND. UNLESS THE VAPOR PRODUCT MANUFACTURER, ON OR BEFORE THE SIXTY-DAY PERIOD EXPIRES, FILES WITH THE DEPARTMENT A NEW BOND, WITH THE SURETY APPROVED BY AND ACCEPTABLE TO THE DEPARTMENT, THE DEPARTMENT SHALL CANCEL THE VAPOR PRODUCT MANUFACTURER'S VAPOR PRODUCT MANUFACTURER LICENSE.

K. A VAPOR PRODUCT MANUFACTURER LICENSE IS NONTRANSFERABLE. IF A VAPOR PRODUCT MANUFACTURER CEASES TO DO BUSINESS BY REASON OF DISCONTINUATION, SALE OR TRANSFER OF THE VAPOR PRODUCT MANUFACTURER'S BUSINESS, THE VAPOR PRODUCT MANUFACTURER SHALL NOTIFY THE DEPARTMENT IN WRITING AT THE TIME THE DISCONTINUANCE, SALE OR TRANSFER TAKES EFFECT.

L. VAPOR PRODUCTS OFFERED FOR SALE IN VIOLATION OF THIS SECTION, INCLUDING OFFERING FOR SALE VAPOR PRODUCTS MANUFACTURED BY A BUSINESS THAT DOES NOT HOLD A VALID VAPOR PRODUCT MANUFACTURER LICENSE, ARE SUBJECT TO SEIZURE. ALL VAPOR PRODUCTS THAT ARE SEIZED AS A VIOLATION OF THIS SECTION ARE FORFEITED TO THIS STATE AND SHALL BE DESTROYED CONSISTENT WITH SECTION 42-1124.

M. A VAPOR PRODUCT MANUFACTURER SHALL HAVE ESTABLISHED SUFFICIENT CONTACT WITH THIS STATE FOR THE EXERCISE OF PERSONAL JURISDICTION OVER THE VAPOR PRODUCT MANUFACTURER IN ANY MATTER OR ISSUE ARISING UNDER THIS SECTION OR RELATED TO THE SALE OF VAPOR PRODUCTS.

N. THE DEPARTMENT SHALL MAINTAIN AND MAKE PUBLICLY AVAILABLE ON THE DEPARTMENT'S OFFICIAL WEBSITE LISTS OF BOTH OF THE FOLLOWING:

1. ALL VAPOR PRODUCT MANUFACTURERS THAT ARE LICENSED PURSUANT TO THIS SECTION.

2. ALL VAPOR PRODUCTS INCLUDED IN THE VAPOR PRODUCT LISTS SUBMITTED BY VAPOR PRODUCT MANUFACTURERS THAT ARE LICENSED PURSUANT TO THIS SECTION.

O. FROM AND AFTER DECEMBER 31, 2026, VAPOR PRODUCTS THAT ARE NOT INCLUDED ON THE A LICENSED VAPOR PRODUCT MANUFACTURER'S VAPOR PRODUCT LIST MAY NOT BE SOLD OR OFFERED FOR RETAIL SALE TO A CONSUMER IN THIS STATE, EITHER DIRECTLY OR THROUGH AN IMPORTER, DISTRIBUTOR OR RETAILER OR A SIMILAR INTERMEDIARY OR INTERMEDIARIES.

P. A RETAILER SHALL PURCHASE VAPOR PRODUCTS ONLY FROM A DISTRIBUTOR OR LICENSED VAPOR PRODUCT MANUFACTURER THAT IS LICENSED PURSUANT TO THIS SECTION.

Q. A DISTRIBUTOR SHALL PURCHASE VAPOR PRODUCTS ONLY FROM A VAPOR PRODUCT MANUFACTURER THAT IS LICENSED PURSUANT TO THIS SECTION.

R. ANY BUSINESS OPERATING AS A VAPOR PRODUCT MANUFACTURER WITHOUT A VAPOR PRODUCT MANUFACTURER LICENSE:

1. FOR A FIRST VIOLATION, SHALL PAY A CIVIL PENALTY OF $2,500.

2. FOR A SECOND VIOLATION WITHIN A THIRTY-SIX MONTH PERIOD, SHALL PAY A CIVIL PENALTY OF $5,000 AND IS GUILTY OF A CLASS 2 MISDEMEANOR.

3. FOR A THIRD OR SUBSEQUENT VIOLATION WITHIN A THIRTY-SIX MONTH PERIOD, SHALL PAY A CIVIL PENALTY OF $10,000, IS GUILTY OF A CLASS 1 MISDEMEANOR AND IS INELIGIBLE TO BE LICENSED AS A VAPOR PRODUCT MANUFACTURER FOR A PERIOD OF THIRTY-SIX MONTHS AFTER THE DATE OF A THIRD VIOLATION.

S. A VAPOR PRODUCT MANUFACTURER THAT IS LICENSED UNDER THIS SECTION AND THAT VIOLATES THIS SECTION:

1. FOR A FIRST VIOLATION, SHALL PAY A CIVIL PENALTY OF $2,500.

2. FOR A SECOND VIOLATION WITHIN A THIRTY-SIX MONTH PERIOD, SHALL PAY A CIVIL PENALTY OF $5,000 AND IS GUILTY OF A CLASS 2 MISDEMEANOR, AND THE VAPOR PRODUCT MANUFACTURER LICENSE SHALL BE SUSPENDED FOR THIRTY DAYS.

3. FOR A THIRD OR SUBSEQUENT VIOLATION WITHIN A THIRTY-SIX MONTH PERIOD, SHALL PAY A CIVIL PENALTY OF $10,000 AND IS GUILTY OF A CLASS 1 MISDEMEANOR, AND THE VAPOR PRODUCT MANUFACTURER LICENSE SHALL BE REVOKED. A VAPOR PRODUCT MANUFACTURER LICENSE REVOKED PURSUANT TO THIS PARAGRAPH IS INELIGIBLE TO RECEIVE OR RENEW A VAPOR PRODUCT MANUFACTURER LICENSE FOR A PERIOD OF THIRTY-SIX MONTHS AFTER THE DATE OF THE THIRD VIOLATION.

T. THE DEPARTMENT SHALL DEPOSIT CIVIL PENALTIES COLLECTED PURSUANT TO SUBSECTIONS R AND S OF THIS SECTION IN THE VAPOR PRODUCT MANUFACTURER LICENSING FUND ESTABLISHED BY SECTION 42-3409.

42-3408. Delegation of authority; compliance reporting

A. THE DEPARTMENT MAY:

1. DELEGATE THE ENFORCEMENT AND COMPLIANCE INSPECTIONS REQUIRED UNDER THIS ARTICLE TO ANY COUNTY OR LAW ENFORCEMENT AGENCY THAT ACCEPTS THIS DELEGATION.

2. COLLABORATE WITH AND USE THE FINDINGS OF OTHER STATE AGENCIES TO CARRY OUT THE OBLIGATIONS OF THIS ARTICLE AND TO ENSURE THAT THE COMPLAINTS RECEIVED BY OTHER AGENCIES OR A DELEGATED LICENSING AUTHORITY ARE FORWARDED TO THE DEPARTMENT FOR TIMELY INVESTIGATION AND ACTION.

B. A DELEGATED LICENSING AUTHORITY OR ANY LAW ENFORCEMENT AGENCY OR OTHER LOCAL ENTITY CONDUCTING COMPLIANCE CHECKS TO ASSESS RETAIL TOBACCO VENDOR COMPLIANCE WITH THE LEGAL AGE FOR SALES OF TOBACCO PRODUCTS AND

VAPOR PRODUCTS SHALL REPORT THE COMPLIANCE CHECK RESULTS TO THE DEPARTMENT.

42-3409. Vapor product manufacturer licensing fund

THE VAPOR PRODUCT MANUFACTURER LICENSING FUND IS ESTABLISHED CONSISTING OF LICENSING FEES AND CIVIL PENALTIES COLLECTED PURSUANT TO SECTION 42-3407. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES IN THE FUND SHALL BE USED FOR THE ENFORCEMENT OF SECTION 42-3407.

Sec. 6. Effective date

This act is effective from and after December 31, 2026.

Sec. 7. Severability

If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable."

Amend title to conform

TERESA MARTINEZ

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON International Trade BILL NO. HB 2765

DATE February 18, 2026 MOTION: DPA/SE

	PASS	AYE	NAY	PRESENT	ABSENT
Austin			✓		
Carbone		✓			
Cavero		✓			
Hendrix				✓	
Hernandez C					✓
Martinez		✓			
Travers					✓
Weninger			✓		
Peña, Vice-Chairman		✓			
Rivero, Chairman		✓			
		5	2	1	2

Christie Kuhl
COMMITTEE SECRETARY

APPROVED:

Tony Rivero
TONY RIVERO, Chairman
MICHELE PEÑA, Vice-Chairman

ATTACHMENT 12