
OLR Bill Analysis

sHB 5228 (as amended by House "A")*

AN ACT CONCERNING ELECTRONIC NICOTINE DELIVERY SYSTEM AND VAPOR PRODUCT DEALERS.

SUMMARY

This bill expands the requirements for businesses that sell electronic nicotine delivery systems (ENDS) or vapor products, commonly known as e-cigarette dealers. By law, e-cigarette dealers must have a dealer registration for each of their business locations and renew it annually. Among other things, the bill:

1. expands the individual owners who must provide their contact information and a third-party background check as part of a dealer's application to include anyone with at least 5%, rather than 10%, ownership or interest rights;
2. expands the information dealer registration applicants must provide to include a certification that the ENDS or vapor products they sell comply with federal and state laws;
3. generally expands the circumstances under which the Department of Consumer Protection (DCP) may deny a dealer's registration or take other enforcement actions, including when certain dealers use more than 25% of their retail space to sell certain nicotine products or when a business proposes to locate in a municipality that already has a dealer for every 2,500 residents;
4. extends the existing one-year reapplication prohibition to anyone with a financial interest in the e-cigarette dealer and prohibits anyone whose dealer registration was revoked from having a financial interest in another applicant for one year after the revocation date;

5. authorizes the DCP commissioner to impose a civil penalty of up to \$5,000 for each ENDS or vapor product sold in violation of the dealer registration law and requires these products to be deemed a common nuisance and subject to seizure by police;
6. specifies that registered e-cigarette dealers are deemed to have constructive notice of communications the DCP commissioner sends to an email address they provided;
7. makes violations of the dealer registration law a violation of the Connecticut Unfair Trade Practices Act (CUTPA, see BACKGROUND); and
8. makes technical and conforming changes.

*House Amendment "A" adds the provisions (1) expanding the information that must be provided to DCP, (2) adding reasons for denying a registration, (3) extending the reapplication prohibition, (4) implementing penalties, and (5) on constructive notice.

EFFECTIVE DATE: October 1, 2026

INDIVIDUAL OWNERS

Existing law generally requires anyone applying for an initial or renewal e-cigarette dealer registration to provide the name and contact information and a third-party background check for the business's individual owners (those with a direct or indirect financial interest in the applicant). The bill expands this requirement to cover anyone with at least 5%, rather than 10%, ownership or interest rights in the business. As under current law, this includes the total financial interest held by the individual owner and his or her spouse, parents, and children.

As under existing law, applicants do not need to provide this information if they are a publicly traded company listed on a national stock exchange.

GROUND FOR DENYING AN INITIAL OR RENEWAL DEALER REGISTRATION

Under current law, the DCP commissioner must issue a dealer

registration within 30 days of the application unless he makes certain findings. The bill extends the same timeframe and reasons for denying a dealer registration to renewals and expands the reasons for a denial to include the following:

1. if an individual owner named in the application made materially false or misleading statements in a DCP application, rather than just the applicant;
2. if the business owner's or named designee's criminal background check is sufficient for denying the registration under the existing law that prohibits state-issued credentials because of a prior criminal conviction, rather than if the commissioner finds that the applicant has a criminal history sufficient to disqualify him or her for a state-issued credential under this law; and
3. if the applicant, its authorized owner, or any entity owned or managed by any individual owner named in the application (a) committed multiple violations of the e-cigarette dealer law, (b) is subject to a delinquency assessment by the Department of Revenue Services, or (c) is the subject of any other adverse determination by a government agency, rather than if the applicant violated any other provision of the e-cigarette dealer law.

The bill also adds to the grounds for DCP to deny initial registrations (but not renewals) submitted on or after October 1, 2026, to include when the proposed business is located in a municipality that already has one dealer for every 2,500 residents based on the most recently completed decennial census.

DEALERS THAT PRIMARILY SELL CERTAIN NICOTINE PRODUCTS

The bill adds to the reasons for DCP to deny an initial or dealer registration to include when the applicant (1) has over 50% of annual gross revenue from sales of certain nicotine-related products and (2) uses more than 25% of retail sales area for selling these products.

Under the bill, for initial registrations, the applicant must certify that no more than (1) 50% of the applicant's annual gross revenue at the location will come from sales of cigarettes, drug paraphernalia, ENDS, nicotine products, synthetic nicotine, tobacco products, and vapor products and (2) 25% of the total floor area dedicated to sales at the location will be dedicated to sales of these products. For renewals, the applicant must submit the information DCP requires to determine these thresholds, which tie back to the prior registration period's sales, and the bill specifically requires DCP to deny the renewal if these thresholds are exceeded.

The bill also requires these dealers to maintain the floor space information, subject to DCP inspection and copying, including floor plans showing the total floor area dedicated to sales and the portion dedicated to sales of the products listed above.

REGISTRATION REQUIREMENTS

The bill expands the information applicants for an initial or renewal e-cigarette dealer registration must provide to include a certification that the ENDS and vapor products they offer for sale comply with federal and state law, including the federal Food, Drug and Cosmetic Act's requirement for tobacco products.

SUFFICIENT CAUSE FOR DCP ENFORCEMENT ACTIONS

Current law allows the DCP commissioner to take certain actions against an e-cigarette dealer for sufficient cause, including suspending, revoking, or refusing to grant or renew their registration. Under current law, sufficient cause includes illegally possessing, offering, or selling any illegal or controlled substance. The bill specifies that this applies to the registrant, its owner, or anyone with a financial interest in the registrant (presumably the individual owners named in the application, as described above).

The bill also makes any failure to maintain records or to make them immediately available to DCP sufficient cause for enforcement action.

REAPPLICATION PROHIBITION

Current law prohibits anyone whose dealer registration was revoked, including the registrant's owners, from applying for a dealer registration for one year after the revocation date. The bill (1) extends this reapplication prohibition to anyone with a financial interest in the registrant and (2) bars anyone whose dealer registration was revoked from having a financial interest in another applicant for one year after the revocation date.

CIVIL PENALTY

The bill authorizes the DCP commissioner to impose a civil penalty of up to \$5,000 for each ENDS and vapor product sold, offered for sale, or marketed in violation of the dealer registration law. Each of these products is a separate violation.

SEIZURE OF PRODUCTS IN VIOLATION OF THE LAW

Under the bill, any ENDS or vapor products sold, offered for sale, or marketed in violation of the dealer registration law, as well as any controlled substance or cannabis sold, offered for sale, or marketed by a dealer in violation of state law, are a common nuisance and subject to immediate seizure by state or local police.

The officers must hold the products subject to confiscation and destruction by a court order and the seller or marketer is liable for all seizure, confiscation, and destruction costs.

BACKGROUND

CUTPA

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the DCP commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, impose civil penalties of up to \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's

fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

Related Bills

sSB 231 (File 174), favorably reported by the General Law Committee, adds additional reasons for DCP to deny an e-cigarette dealer registration.

sHB 5539 (File 671), favorably reported by the Finance, Revenue and Bonding Committee, has similar provisions on expanded contact information, compliance certification, circumstances in which DCP may deny registration, reapplication prohibition, civil penalties, and constructive notice.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/11/2026)