

1 HOUSE BILL NO. 869
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 4 CROWE, S. GALLOWAY, F. NAVE, E. BUTTREY, C. HINKLE, M. HOPKINS, G. OBLANDER, J.
 5 BERGSTROM, K. REGIER, S. HINEBAUCH, R. LYNCH, D. BARTEL, J. ELLSWORTH, G. KMETZ, J.
 6 FITZPATRICK, J. ETCHART, D. HARVEY, J. KASSMIER, B. PHALEN, L. HELLEGAARD, T. SMITH, N.
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 9 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TOBACCO LAWS; REVISING TOBACCO
 10 EDUCATION FEES; REVISING TOBACCO SETTLEMENT ACCOUNT ALLOCATION; ALLOWING USE OF
 11 TOBACCO SETTLEMENT FUNDS TO DEVELOP HEALTH CARE PAYMENT AND DELIVERY MODELS;
 12 REVISING THE TOBACCO PREVENTION ADVISORY BOARD; AMENDING SECTIONS 16-11-308, 17-6-606,
 13 AND 17-6-610, MCA; AND PROVIDING AN APPLICABILITY DATE."

14
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
 17 **Section 1.** Section 16-11-308, MCA, is amended to read:

18 **"16-11-308. Civil penalties -- license suspension -- tobacco education fee.** (1) Failure to obtain a
 19 license, as required by 16-11-303, failure to post signs, as provided in 16-11-304, or the manufacture or sale of
 20 cigarettes or rolling tobacco in violation of the minimum package size requirements of 16-11-111 or 16-11-307
 21 is punishable by a civil penalty of \$100. The department may collect the penalty in the manner provided for the
 22 collection of other debts.

23 (2) A person who violates 16-11-305(1) or 16-11-307(1) at any one location within a 3-year period
 24 shall be punished as follows:

- 25 (a) A first through third offense is punishable by a verbal notification of violation.
- 26 (b) A fourth offense is punishable by a written notice of violation to be sent by the department of
 27 public health and human services to the owner of the establishment.
- 28 (c) A fifth offense is punishable by assessment against the owner of the establishment of a

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1 tobacco education fee of \$500. The employee or other person who sold the tobacco product, alternative
2 nicotine product, or vapor product, the establishment manager, and the establishment owner, if the owner is a
3 sole proprietor or partner, shall read and view the tobacco education material.

4 (d) A sixth offense under 16-11-305(1) or 16-11-307(1) or a third offense under 16-11-307(2) is
5 punishable by suspension of the licenses required by 16-11-120 and 16-11-303 for 3 months.

6 (e) A seventh and subsequent offense under 16-11-305(1) or 16-11-307(1) or a fourth and
7 subsequent offense under 16-11-307(2) is punishable by suspension of the licenses required by 16-11-120 and
8 16-11-303 for 1 year.

9 (3) After 2 years from the first violation, if a person has not received notice of any further violations,
10 a second violation is considered a first violation for the purposes of subsection (2).

11 (4) A license may not be reissued after suspension under subsection (2)(d) or (2)(e) unless
12 tobacco education fees or civil penalties are paid in full.

13 (5) Tobacco education fees must be assessed and collected by the department of public health
14 and human services. The department shall assess fees of \$25 for a 4-hour course, \$45 for an 8-hour course,
15 \$65 for a 12-hour course, and \$85 for a 16-hour course. Notice of an assessment pursuant to subsection (2)
16 and this subsection must be made by the department of public health and human services within 30 days of the
17 alleged violation by certified letter addressed to the establishment owner or manager. The notice of assessment
18 against the owner of the establishment must provide an opportunity for a hearing. The hearing may be
19 conducted using electronic equipment and must comply with the provisions of the Montana Administrative
20 Procedure Act. Within 30 days from the date on which the notice of assessment was mailed, the owner or
21 manager shall notify the department of public health and human services that the owner or manager objects to
22 the assessment and request a hearing pursuant to this subsection.

23 (6) In addition to the penalty provided for in subsection (2), a first and subsequent violation of 16-
24 11-305(1) or 16-11-307(1) is punishable by an assessment of a tobacco education fee of \$25 against the
25 employee who sold the tobacco product, alternative nicotine product, or vapor product if the employee is not the
26 owner of the establishment. The tobacco education fee must be assessed and collected by the department of
27 public health and human services. Within 30 days of the alleged violation, notice of assessment pursuant to this
28 subsection must be made by the department of public health and human services by certified letter addressed

1 to the employee. The notice of assessment must provide an opportunity for a hearing. The hearing may be
2 conducted using electronic equipment and must comply with the provisions of the Montana Administrative
3 Procedure Act. Within 30 days from the date on which the notice of assessment was mailed, the employee shall
4 notify the department of public health and human services that the employee objects to the assessment and
5 requests a hearing pursuant to this subsection.

6 (7) The tobacco education material referred to in this section must be provided by the department
7 of public health and human services in the form of written and video self-teaching materials. The education
8 materials may be used only for the purposes provided in this section. Upon completion of the self-teaching
9 materials, the establishment owner or manager shall execute a written statement on a form provided by the
10 department of public health and human services verifying that the employee, owner, or manager, as
11 appropriate, has read and viewed the self-teaching material and shall return the statement and the self-teaching
12 video to the department of public health and human services.

13 (8) Upon the sixth and subsequent violation of this section, the department of public health and
14 human services shall notify the department of revenue in writing to initiate suspension of the licenses required
15 by 16-11-120 and 16-11-303 and shall notify the licensee in writing of the alleged violation and of the referral of
16 the licensee's record of violations to the department of revenue for suspension of the licenses pursuant to 16-
17 11-144 and this section. The department of revenue shall review the record of violations and may initiate
18 license suspension proceedings in accordance with 16-11-144. If, upon a review of the record of violations, the
19 department of revenue declines to initiate suspension proceedings, the violation may not be charged against
20 the licensee for the purposes of this section.

21 (9) Fees assessed pursuant to this section must be deposited in the state general fund."
22

23 **Section 2.** Section 17-6-606, MCA, is amended to read:

24 **"17-6-606. Tobacco settlement accounts -- purpose -- uses.** (1) The purpose of this section is to
25 dedicate a portion of the tobacco settlement proceeds to fund statewide programs ~~for tobacco-disease~~
26 ~~prevention~~-designed to:

27 (a) discourage children from starting use of tobacco;

28 (b) assist adults in quitting use of tobacco; ~~and~~

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1 (c) provide funds for the children's health insurance program; and
2 (d) develop payment and contracting methods for state-funded health care services to ensure that
3 state funds are invested in a manner that increases quality outcomes and assists in health care cost
4 containment.

5 (2) An amount equal to ~~32%~~ 17% of the total yearly tobacco settlement proceeds received after
6 June 30, 2003, must be deposited in a state special revenue account. Subject to subsection ~~(5) (6)~~, the funds
7 referred to in this subsection may be used only for funding statewide programs for tobacco disease prevention
8 designed to prevent children from starting tobacco use and to help adults who want to quit tobacco use. The
9 department of public health and human services shall manage the tobacco disease prevention programs and
10 shall adopt rules to implement the programs. In adopting rules, the department shall consider the standards
11 contained in Best Practices for Comprehensive Tobacco Control Programs--August 1999 or its successor
12 document, published by the U.S. department of health and human services, centers for disease control and
13 prevention.

14 (3) An amount equal to ~~47%~~ ~~32%~~ 16% of the total yearly tobacco settlement proceeds received
15 after June 30, 2003, must be deposited in a state special revenue account. Subject to subsection ~~(5) (6)~~, the
16 funds referred to in this subsection may be used only for matching funds to secure the maximum amount of
17 federal funds for the Children's Health Insurance Program Act provided for in Title 53, chapter 4, part 10.

18 (4) An amount equal to 16% of the total yearly tobacco settlement proceeds received after June
19 30, 2003, must be deposited in a state special revenue account. Subject to subsection (6), the funds referred to
20 in this subsection may be used by the department of public health and human services only to develop and test
21 value-based payment methods, results-based contracting, and other payment and delivery models for state-
22 funded health care services in order to improve, in a cost-effective manner, the quality of care and outcomes for
23 persons receiving the services.

24 ~~(4)(5)~~ Funds deposited in a state special revenue account, as provided in subsection (2), ~~or (3), or~~
25 (4), that are not appropriated within 2 years after the date of deposit must be transferred to the trust fund.

26 ~~(5)(6)~~ The legislature shall appropriate money from the state special revenue accounts provided for in
27 this section for programs for tobacco disease prevention, for the programs referred to in the subsection
28 establishing the account, and for funding the tobacco prevention advisory board.

1 ~~(6)(7)~~ Programs funded under this section that are private in nature may be funded through
2 contracted services."

3

4 **Section 3.** Section 17-6-610, MCA, is amended to read:

5 **"17-6-610. Tobacco prevention advisory board.** (1) There is a tobacco prevention advisory board.
6 The board consists of ~~15~~5 members appointed by the director of the department of public health and human
7 services. ~~Except for the initial appointments, each~~ Each board member shall serve a 3-year term and is subject
8 to reappointment for one succeeding term. The director shall appoint members to staggered terms, ~~with five~~
9 ~~members serving an initial term of 1, 2, or 3 years. The initial members appointed shall draw lots to determine~~
10 ~~their term of office.~~ The board shall terminate when tobacco settlement funds are no longer received by the
11 state. The board shall meet at least one time each year, with the date and frequency of meetings to be
12 determined by its presiding officer. Health care professionals and individuals are eligible to serve on the board.
13 A board member may not have been paid by the tobacco products industry ~~during the 10-year period preceding~~
14 appointment to be eligible for the board.

15 (2) Members of the board are not entitled to compensation for their services, but are entitled to a
16 mileage allowance, as provided in 2-18-503, and expenses as provided in 2-18-501 and 2-18-502.

17 (3) The board shall furnish advice, gather information, and perform other activities regarding the
18 state special revenue accounts established pursuant to 17-6-606. The board may make recommendations for
19 the use of appropriations from the state special revenue accounts.

20 (4) The board is attached to the department of public health and human services for administrative
21 purposes, and the department shall provide staff support to the board."

22

23 NEW SECTION. **Section 4. Applicability.** [This act] applies to tobacco prevention advisory board
24 appointments on or after October 1, 2023. Existing members may serve the remainder of their terms until
25 expiration or vacancy.

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- END -