

REFERENCE TITLE: alternative nicotine; vapor products; tax.

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

## **HB 4032**

Introduced by  
Representatives Volk: Contreras L, Hernandez A, Hernandez C, Tsosie

### AN ACT

AMENDING SECTIONS 8-1181 AND 15-249.14, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.20; AMENDING SECTION 36-601.01, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 14, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-2023; AMENDING TITLE 42, CHAPTER 5, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 11; RELATING TO EXCISE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, section 8-1181, Arizona Revised  
4 Statutes, is amended to read:

5 8-1181. Early childhood development and health fund;  
6 exemption

7 A. The early childhood development and health fund is established  
8 consisting of ~~funds~~ MONIES transferred pursuant to subsection D, ~~OF THIS~~  
9 SECTION, federal, state, local and private ~~funds~~ MONIES accepted by the  
10 board pursuant to SECTION 8-1182, ~~MONIES DEPOSITED PURSUANT TO SECTION~~  
11 42-5503 and any monies appropriated to the board by the legislature. The  
12 board shall administer the fund.

13 B. The early childhood development and health fund is divided into  
14 the following accounts:

- 15 1. The program account. ~~;~~
- 16 2. The administrative costs account. ~~;~~
- 17 3. The private gifts account. ~~;~~
- 18 4. The grant monies account. ~~and~~
- 19 5. The legislative appropriations account.

20 C. Monies in the program, administrative costs, private gifts and  
21 grant monies accounts of the fund are not subject to legislative  
22 appropriation and are exempt from the provisions of section 35-190  
23 relating to lapsing of appropriations.

24 D. Ninety percent of the monies deposited ~~into~~ IN the early  
25 childhood development and health fund pursuant to section ~~42-3373~~ 42-3372  
26 shall be deposited ~~into~~ IN the program account and ten percent of the  
27 monies shall be deposited ~~into~~ IN the administrative costs account.  
28 Administrative costs of the board, including staff compensation, may only  
29 be paid from the administrative costs account. ~~Funds~~ MONIES may be  
30 transferred by the board from the administrative costs account to the  
31 program account, but ~~funds~~ MONIES may not be transferred from the program  
32 account to the administrative costs account. ~~Funds~~ MONIES may be  
33 transferred by the board from the private gifts account and the grant  
34 monies account to the administrative costs account to cover the  
35 administrative costs of programs and activities undertaken using gift or  
36 grant monies.

37 E. The board may invest any unexpended monies in the fund as  
38 provided in title 35, chapter 2. Interest and other income from  
39 investments of monies in any account shall be credited to that account  
40 except as otherwise provided by law.

1           Sec. 2. Section 15-249.14, Arizona Revised Statutes, is amended to  
2 read:

3           15-249.14. Ninth grade on-track grant program; school  
4           requirements; fund; exemption

5           A. The ninth grade on-track grant program is established in the  
6 department of education. The department shall administer the grant  
7 program and may adopt rules, policies and procedures to carry out the  
8 purposes of this section. The department shall:

9           1. Establish procedures for each of the following:

10           (a) A school district or charter school to apply for a grant.

11           (b) The department to evaluate the grant applications.

12           (c) The department to award grants to eligible school districts and  
13 charter schools for a term of more than one year and not more than five  
14 years.

15           2. The department shall ensure that the grant application and  
16 reporting requirements do not impose an undue burden on the school  
17 districts and charter schools.

18           3. Require each grant application to be approved by a majority vote  
19 of the school district governing board or charter school governing body,  
20 whichever applies, before the school district or charter school may submit  
21 the application to the department.

22           4. Award grants on a first-come, first-served basis to each  
23 eligible school district or charter school in an amount that is equal to  
24 at least \$150 for each ninth grade student who is enrolled or projected to  
25 be enrolled in the school district or charter school during the term of  
26 the grant, except that the total number of ninth grade students who may be  
27 funded pursuant to this paragraph may not exceed:

28           (a) For grants that are awarded in fiscal year 2025-2026,  
29 twenty-two thousand six hundred fifty.

30           (b) For grants that are awarded beginning in fiscal year 2026-2027,  
31 zero.

32           5. Provide administrative support to grant recipients for  
33 implementing ninth grade on-track programs and services pursuant to this  
34 section.

35           B. Each school district or charter school that receives a grant  
36 award pursuant to subsection A of this section shall:

37           1. Use the monies to establish and expand programs, opportunities  
38 and strategies that help ninth grade students complete sufficient credits  
39 to be on track to graduate in four years, including all of the following:

40           (a) Providing real-time, accessibly formatted data regarding  
41 student grades, attendance and behavior to grade nine teachers and support  
42 staff.

43           (b) Allocating time for grade nine teachers and support staff to  
44 meet during the school day to review data and develop intervention  
45 strategies for at-risk students in grade nine. The school district or

1 charter school shall maintain records of meetings held pursuant to this  
2 subdivision and provide those records to the department on request.

3 (c) Providing timely, actionable data for grade nine teachers,  
4 including providing access to data and developing teachers' data literacy.

5 (d) Creating highly effective grade nine success teams.

6 (e) Establishing foundational structures and conditions for grade  
7 nine on-track work.

8 (f) Establishing systems and processes to optimize operations of  
9 the grade nine success team.

10 (g) Systematizing grade nine success by recruiting and engaging all  
11 stakeholders.

12 (h) Creating and executing proactive and data-driven intervention  
13 and referral systems and processes.

14 (i) Implementing proactive and high-leverage intervention  
15 strategies.

16 (j) Creating and executing a comprehensive system of grade nine  
17 transition supports.

18 (k) Creating a personalized and supportive environment for students  
19 in grade nine.

20 (l) Providing early preparation for high school entry.

21 (m) Providing proactive supports to grade nine teachers and support  
22 staff.

23 (n) Implementing high quality instructional strategies and fair  
24 grading practices.

25 (o) Developing learning-centered professional communities and  
26 student-centered learning communities.

27 (p) Establishing a partnership with an organization that has at  
28 least five years of experience providing ninth grade on-track programs and  
29 services to school districts and charter schools to increase grade nine  
30 on-track rates.

31 2. On request from the department, provide any information  
32 necessary to demonstrate compliance with this section.

33 C. A school district or charter school that receives monies  
34 pursuant to this section shall supplement and not supplant programs,  
35 opportunities and strategies that help ninth grade students complete  
36 sufficient credits to be on track to graduate in four years.

37 D. For the purposes of this section, a student is deemed on track  
38 to graduate in four years if the student does both of the following:

39 1. Completes at least twenty-five percent of the credits required  
40 for the student to graduate from high school by the end of ninth grade.

41 2. Does not earn more than one letter grade of F, or the  
42 equivalent, in ninth grade.

43 E. The ninth grade on-track grant program fund is established  
44 consisting of **MONIES DEPOSITED PURSUANT TO SECTION 42-5503**, legislative  
45 appropriations, gifts, grants and donations. The department shall

1 administer the fund. Monies in the fund are continuously appropriated and  
2 are exempt from the provisions of section 35-190 relating to lapsing of  
3 appropriations. The department shall use monies in the fund to provide  
4 grants pursuant to subsection A of this section.

5 Sec. 3. Title 15, chapter 2, article 2, Arizona Revised Statutes,  
6 is amended by adding section 15-249.20, to read:

7 15-249.20. Out-of-school time program fund

8 A. THE OUT-OF-SCHOOL TIME PROGRAM FUND IS ESTABLISHED CONSISTING OF  
9 MONIES DEPOSITED PURSUANT TO SECTION 42-5503. THE DEPARTMENT SHALL  
10 ADMINISTER THE FUND.

11 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT  
12 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
13 APPROPRIATIONS.

14 C. THE DEPARTMENT SHALL USE THE MONIES TO SUPPORT FACILITY-BASED,  
15 OUT-OF-SCHOOL TIME PROGRAM PROVIDERS THAT PROVIDE PROVEN AND TESTED  
16 RECREATIONAL, EDUCATIONAL AND CHARACTER-BUILDING PROGRAMS FOR SCHOOL-AGE  
17 CHILDREN.

18 Sec. 4. Subject to the requirements of article IV, part 1,  
19 section 1, Constitution of Arizona, section 36-601.01, Arizona Revised  
20 Statutes, is amended to read:

21 36-601.01. Smoke-free Arizona act

22 A. Definitions. The following words and phrases, whenever used in  
23 this section, shall be construed as defined in this section:

24 1. "Employee" means any person who performs any service on a  
25 full-time, part-time or contracted basis whether or not the person is  
26 denominated an employee, independent contractor or otherwise and whether  
27 or not the person is compensated or is a volunteer.

28 2. "Employer" means a person, business, partnership, association,  
29 the state of Arizona and its political subdivisions, corporations,  
30 including a municipal corporations, trust, or non-profit entity that  
31 employs the services of one or more individual persons.

32 3. "Enclosed area" means all space between a floor and ceiling that  
33 is enclosed on all sides by permanent or temporary walls or windows  
34 (exclusive of doorways), which extend from the floor to the ceiling.  
35 Enclosed area includes a reasonable distance from any entrances, windows  
36 and ventilation systems so that persons entering or leaving the building  
37 or facility shall not be subjected to breathing tobacco smoke and so that  
38 tobacco smoke does not enter the building or facility through entrances,  
39 windows, ventilation systems or any other means.

40 4. "Health care facility" means any enclosed area utilized by any  
41 health care institution licensed according to title 36 chapter 4, chapter  
42 6, article 7, or chapter 17, or any health care professional licensed  
43 according to title 32, chapters 7, 8, 11, 13, 14, 15, 15.1, 16, 17, 18,  
44 19, 19.1, 21, 25, 28, 29, 33, 34, 35, 39, 41, or 42.

1           5. "Person" means an individual, partnership, corporation, limited  
2 liability company, entity, association, governmental subdivision or unit  
3 of a governmental subdivision, or a public or private organization of any  
4 character.

5           6. "Physically separated" means all space between a floor and  
6 ceiling which is enclosed on all sides by solid walls or windows  
7 (exclusive of door or passageway) and independently ventilated from  
8 smoke-free areas, so that air within permitted smoking areas does not  
9 drift or get vented into smoke-free areas.

10          7. "Places of employment" means an enclosed area under the control  
11 of a public or private employer that employees normally frequent during  
12 the course of employment, including office buildings, work areas,  
13 auditoriums, employee lounges, restrooms, conference rooms, meeting rooms,  
14 classrooms, cafeterias, hallways, stairs, elevators, health care  
15 facilities, private offices and vehicles owned and operated by the  
16 employer during working hours when the vehicle is occupied by more than  
17 one person. A private residence is not a "place of employment" unless it  
18 is used as a child care, adult day care, or health care facility.

19          8. "Veteran and fraternal clubs" means a club as defined in ~~A.R.S.~~  
20 ~~4-101(7)(a)(b) or (c)~~ SECTION 4-101, PARAGRAPH 8, SUBDIVISION (a), (b)  
21 OR (c).

22          9. "Public place" means any enclosed area to which the public is  
23 invited or in which the public is permitted, including airports, banks,  
24 bars, common areas of apartment buildings, condominiums or other  
25 multifamily housing facilities, educational facilities, entertainment  
26 facilities or venues, health care facilities, hotel and motel common  
27 areas, laundromats, public transportation facilities, reception areas,  
28 restaurants, retail food production and marketing establishments, retail  
29 service establishments, retail stores, shopping malls, sports facilities,  
30 theaters, and waiting rooms. A private residence is not a "public place"  
31 unless it is used as a child care, adult day care, or health care  
32 facility.

33          10. "Retail tobacco store" means a retail store that derives the  
34 majority of its sales from tobacco products and accessories.

35          11. "Smoking" means inhaling, exhaling, burning, or carrying or  
36 possessing any lighted tobacco product, including cigars, cigarettes, pipe  
37 tobacco and any other lighted tobacco product.

38          12. "Sports facilities" means enclosed areas of sports pavilions,  
39 stadiums, gymnasiums, health spas, boxing arenas, swimming pools, roller  
40 and ice rinks, billiard halls, bowling alleys, and other similar places  
41 where members of the general public assemble to engage in physical  
42 exercise, participate in athletic competition, or witness sporting events.

43          B. Smoking is prohibited in all public places and places of  
44 employment within the state of Arizona, except the following:

- 1           1. Private residences, except when used as a licensed child care,  
2 adult day care, or health care facility.
- 3           2. Hotel and motel rooms that are rented to guests and are  
4 designated as smoking rooms; provided, however, that not more than fifty  
5 percent of rooms rented to guests in a hotel or motel are so designated.
- 6           3. Retail tobacco stores that are physically separated so that  
7 smoke from retail tobacco stores does not infiltrate into areas where  
8 smoking is prohibited under the provisions of this section.
- 9           4. Veterans and fraternal clubs when they are not open to the  
10 general public.
- 11           5. Smoking when associated with a religious ceremony practiced  
12 pursuant to the American Indian religious freedom act of 1978.
- 13           6. Outdoor patios so long as tobacco smoke does not enter areas  
14 where smoking is prohibited through entrances, windows, ventilation  
15 systems, or other means.
- 16           7. A theatrical performance upon a stage or in the course of a film  
17 or television production if the smoking is part of the performance or  
18 production.
- 19           C. The prohibition on smoking in places of employment shall be  
20 communicated to all existing employees by the effective date of this  
21 section and to all prospective employees upon their application for  
22 employment.
- 23           D. Notwithstanding any other provision of this section, an owner,  
24 operator, manager, or other person or entity in control of an  
25 establishment, facility, or outdoor area may declare that entire  
26 establishment, facility, or outdoor area as a nonsmoking place.
- 27           E. Posting of signs and ashtray removal.
  - 28           1. "No smoking" signs or the international "no smoking" symbol  
29 (consisting of a pictorial representation of a burning cigarette enclosed  
30 in a red circle with a red bar across it) shall be clearly and  
31 conspicuously posted by the owner, operator, manager, or other person in  
32 control of that place identifying where smoking is prohibited by this  
33 section and where complaints regarding violations may be registered.
  - 34           2. Every public place and place of employment where smoking is  
35 prohibited by this section shall have posted at every entrance a  
36 conspicuous sign clearly stating that smoking is prohibited.
  - 37           3. All ashtrays shall be removed from any area where smoking is  
38 prohibited by this section by the owner, operator, manager, or other  
39 person having control of the area.
- 40           F. No employer may discharge or retaliate against an employee  
41 because that employee exercises any rights afforded by this section or  
42 reports or attempts to prosecute a violation of this section.
- 43           G. The law shall be implemented and enforced by the department of  
44 health services as follows:

1           1. The department shall design and implement a program, including  
2 the establishment of an internet website, to educate the public regarding  
3 the provisions of this law.

4           2. The department shall inform persons who own, manage, operate or  
5 otherwise control a public place or place of employment of the  
6 requirements of this law and how to comply with its provisions including  
7 making information available and providing a toll-free telephone number  
8 and e-mail address to be used exclusively for this purpose.

9           3. Any member of the public may report a violation of this law to  
10 the department. The department shall accept oral and written reports of  
11 violation and establish an e-mail address(es) and toll-free telephone  
12 number(s) to be used exclusively for the purpose of reporting violations.  
13 A person shall not be required to disclose the person's identity when  
14 reporting a violation.

15           4. If the department has reason to believe a violation of this law  
16 exists, the department may enter upon and into any public place or place  
17 of employment for purposes of determining compliance with this law.  
18 However, the department may inspect public places where food or alcohol is  
19 served at any time to determine compliance with this law.

20           5. If the department determines that a violation of this law exists  
21 at a public place or place of employment, the department shall issue a  
22 notice of violation to the person who owns, manages, operates or otherwise  
23 controls the public place or place of employment. The notice shall  
24 include the nature of each violation, date and time each violation  
25 occurred, and department contact person.

26           6. The department shall impose a civil penalty on the person in an  
27 amount of not less than \$100, but not more than \$500 for each violation.  
28 In considering whether to impose a fine and the amount of the fine, the  
29 department may consider whether the person has been cited previously and  
30 what efforts the person has taken to prevent or cure the violation  
31 including reporting the violation or taking action under subsection J.  
32 Each day that a violation occurs constitutes a separate violation. The  
33 director may issue a notice that includes the proposed amount of the civil  
34 penalty assessment. A person may appeal the assessment of a civil penalty  
35 by requesting a hearing. If a person requests a hearing to appeal an  
36 assessment, the director shall not take further action to enforce and  
37 collect the assessment until the hearing process is complete. The  
38 director shall impose a civil penalty only for those days on which the  
39 violation has been documented by the department.

40           7. If a civil penalty imposed by this section is not paid, the  
41 attorney general or a county attorney shall file an action to collect the  
42 civil penalty in a justice court or the superior court in the county in  
43 which the violation occurred.

44           8. The department may apply for injunctive relief to enforce these  
45 provisions in the superior court in the county in which the violation

1 occurred. The court may impose appropriate injunctive relief and impose a  
2 penalty of not less than \$100 but not more than \$500 for each violation.  
3 Each day that a violation occurs constitutes a separate violation. If the  
4 superior court finds the violations are willful or evidence a pattern of  
5 noncompliance, the court may impose a fine up to \$5000 per violation.

6 9. The department may contract with a third party to determine  
7 compliance with this law.

8 10. The department may delegate to a state agency or political  
9 subdivision of this state any functions, powers or duties under this law.

10 11. The director of the department may promulgate rules for the  
11 implementation and enforcement of this law. The department is exempt from  
12 the rulemaking procedures in ~~A.R.S. §~~ title 41, chapter 6 except the  
13 department shall publish draft rules and thereafter take public input  
14 including hold at least two public hearings prior to implementing the  
15 rules. This exemption expires May 1, 2007.

16 H. Beginning on June 1, 2008 and every other June 1 thereafter, the  
17 director of the Arizona department of health services shall issue a report  
18 analyzing its activities to enforce this law, including the activities of  
19 all of the state agencies or political subdivisions to whom the department  
20 has delegated responsibility under this law.

21 I. An owner, manager, operator or employee of place regulated by  
22 this law shall inform any person who is smoking in violation of this law  
23 that smoking is illegal and request that the illegal smoking stop  
24 immediately.

25 J. This law does not create any new private right of action nor  
26 does it extinguish any existing common law causes of action.

27 K. A person who smokes where smoking is prohibited is guilty of a  
28 petty offense with a fine of not less than ~~fifty dollars~~ \$50 and not more  
29 than ~~three hundred dollars~~ \$300.

30 L. Smoke-free Arizona fund

31 1. The smoke-free Arizona fund is established consisting of all  
32 revenues deposited in the fund pursuant to ~~\$42-3251.02~~ SECTIONS 42-3251.02  
33 AND 42-5503 and interest earned on those monies. The Arizona department  
34 of health services shall administer the fund. On notice from the  
35 department, the state treasurer shall invest and divest monies in the fund  
36 as provided by ~~\$35-313~~ SECTION 35-313 and monies earned from investment  
37 shall be credited to the fund.

38 2. All money in the smoke-free Arizona fund shall be used to  
39 enforce the provisions of this section provided however that if there is  
40 money remaining after the department has met its enforcement obligations,  
41 that remaining money shall be deposited in the tobacco products tax fund  
42 and used for education programs to reduce and eliminate tobacco use and  
43 for no other purpose.

1           3. Monies in this fund are continuously appropriated, are not  
2 subject to further approval, do not revert to the general fund and are  
3 exempt from the provisions of ~~§36-190~~ SECTION 35-190 relating to the  
4 lapsing of appropriations.

5           M. This section does not prevent a political subdivision of the  
6 state from adopting ordinances or regulations that are more restrictive  
7 than this section nor does this section repeal any existing ordinance or  
8 regulation that is more restrictive than this section.

9           N. Tribal sovereignty – this section has no application on Indian  
10 reservations as defined in ~~ARS 42-3301(2)~~ SECTION 42-3301.

11           Sec. 5. Title 41, chapter 14, article 5, Arizona Revised Statutes,  
12 is amended by adding section 41-2023, to read:

13           41-2023. Early intervention support fund; exemption

14           A. THE EARLY INTERVENTION SUPPORT FUND IS ESTABLISHED CONSISTING OF  
15 MONIES DEPOSITED PURSUANT TO SECTION 42-5503. THE DEPARTMENT SHALL  
16 ADMINISTER THE FUND.

17           B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT  
18 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
19 APPROPRIATIONS.

20           C. MONIES IN THE FUND MAY BE USED FOR EARLY INTERVENTION PROGRAMS  
21 AND SERVICES FOR INFANTS AND TODDLERS WITH OR AT RISK OF DEVELOPMENTAL  
22 DELAYS AND THEIR FAMILIES IN ACCORDANCE WITH PUBLIC LAW 99-457 (20 UNITED  
23 STATES CODE CHAPTER 33, SUBCHAPTER IV, PART C).

24           Sec. 6. Title 42, chapter 5, Arizona Revised Statutes, is amended  
25 by adding article 11, to read:

26                           ARTICLE 11. VAPOR PRODUCTS AND ALTERNATIVE  
27   NICOTINE PRODUCTS

28           42-5501. Definitions

29           IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

30           1. "ALTERNATIVE NICOTINE PRODUCT":

31           (a) MEANS ANY NONCOMBUSTIBLE PRODUCT THAT CONTAINS NICOTINE FROM  
32 ANY SOURCE AND THAT IS INTENDED FOR HUMAN CONSUMPTION, WHETHER CHEWED,  
33 ABSORBED, DISSOLVED, INGESTED OR CONSUMED BY ANY OTHER MEANS.

34           (b) DOES NOT INCLUDE:

35           (i) A TOBACCO PRODUCT AS DEFINED IN SECTION 42-3001.

36           (ii) A VAPOR PRODUCT.

37           (iii) ANY DRUG, DEVICE OR COMBINATION PRODUCT AUTHORIZED FOR SALE  
38 BY THE UNITED STATES FOOD AND DRUG ADMINISTRATION, AS THOSE TERMS ARE  
39 DEFINED IN THE FEDERAL FOOD, DRUG, AND COSMETIC ACT (52 STAT. 1040; 21  
40 UNITED STATES CODE SECTION 321) OR THE REGULATIONS ADOPTED PURSUANT TO THE  
41 FEDERAL FOOD, DRUG, AND COSMETIC ACT.

42           2. "CONSUMER":

43           (a) MEANS A PERSON IN THIS STATE THAT PURCHASES ANY ALTERNATIVE  
44 NICOTINE PRODUCT OR VAPOR PRODUCT SUBJECT TO THE TAX IMPOSED BY THIS  
45 ARTICLE.

1 (b) DOES NOT INCLUDE A DISTRIBUTOR INTENDING TO SELL OR DISTRIBUTE  
2 THE NICOTINE PRODUCT OR ALTERNATIVE VAPOR PRODUCT, A RETAILER OR A  
3 WHOLESALER.

4 3. "DISTRIBUTOR" MEANS ANY PERSON THAT MANUFACTURES, PRODUCES,  
5 SHIPS, TRANSPORTS OR IMPORTS INTO THIS STATE OR IN ANY MANNER ACQUIRES OR  
6 POSSESSES FOR THE PURPOSE OF MAKING THE FIRST SALE OF A NICOTINE PRODUCT  
7 OR ALTERNATIVE VAPOR PRODUCT.

8 4. "VAPOR PRODUCT":

9 (a) MEANS ANY DEVICE THAT MAY BE USED TO DELIVER ANY AEROSOLIZED OR  
10 VAPORIZED SUBSTANCE TO THE PERSON WHO INHALES FROM THE DEVICE, INCLUDING  
11 AN E-CIGARETTE, E-CIGAR, E-PIPE, VAPE PEN OR E-HOOKAH.

12 (b) INCLUDES WHETHER OR NOT SOLD SEPARATELY:

13 (i) ANY COMPONENT, PART OR ACCESSORY OF THE DEVICE.

14 (ii) ANY SUBSTANCE THAT IS INTENDED TO BE AEROSOLIZED OR VAPORIZED  
15 DURING THE USE OF THE DEVICE, WHETHER OR NOT THE SUBSTANCE CONTAINS  
16 NICOTINE.

17 (c) DOES NOT INCLUDE:

18 (i) MARIJUANA OR MARIJUANA PRODUCTS.

19 (ii) ANY DRUG, DEVICE OR COMBINATION PRODUCT AUTHORIZED FOR SALE BY  
20 THE UNITED STATES FOOD AND DRUG ADMINISTRATION, AS THOSE TERMS ARE DEFINED  
21 IN THE FEDERAL FOOD, DRUG, AND COSMETIC ACT (52 STAT. 1040; 21 UNITED  
22 STATES CODE SECTION 321) OR THE REGULATIONS ADOPTED PURSUANT TO THE  
23 FEDERAL FOOD, DRUG, AND COSMETIC ACT.

24 42-5502. Levy and rate of tax

25 A. THERE IS LEVIED AND THE DEPARTMENT SHALL COLLECT AN EXCISE TAX  
26 ON ALL ALTERNATIVE NICOTINE PRODUCTS AND VAPOR PRODUCTS SOLD AT RETAIL TO  
27 A CONSUMER AT A RATE OF FIFTY PERCENT OF THE PRICE OF THE ALTERNATIVE  
28 NICOTINE PRODUCT OR VAPOR PRODUCT SOLD.

29 B. THE TAX LEVIED AND COLLECTED PURSUANT TO THIS SECTION MAY NOT BE  
30 INCLUDED IN COMPUTING THE TAX BASE, GROSS PROCEEDS OF SALES OR GROSS  
31 INCOME OF A RETAILER FOR THE PURPOSES OF THIS CHAPTER AND CHAPTER 6 OF  
32 THIS TITLE.

33 42-5503. Administration of tax; distribution of revenues

34 A. UNLESS THE CONTEXT OTHERWISE REQUIRES, ARTICLE 1 OF THIS CHAPTER  
35 GOVERNS THE ADMINISTRATION OF THE TAX IMPOSED UNDER THIS ARTICLE.

36 B. A SEPARATE BOND IS NOT REQUIRED OF EMPLOYEES OF THE DEPARTMENT  
37 TO ADMINISTER THIS ARTICLE.

38 C. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE MONIES PAID  
39 UNDER THIS ARTICLE AND SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND  
40 35-147, ALL MONIES COLLECTED UNDER THIS ARTICLE AS FOLLOWS:

41 1. TWENTY-ONE PERCENT IN THE STATE GENERAL FUND.

1           2. FORTY-NINE PERCENT IN THE EARLY CHILDHOOD DEVELOPMENT AND HEALTH  
2 FUND ESTABLISHED BY SECTION 8-1181. OF THE MONIES DEPOSITED IN THE EARLY  
3 CHILDHOOD DEVELOPMENT AND HEALTH FUND PURSUANT TO THIS PARAGRAPH, SEVENTY  
4 PERCENT SHALL BE DEPOSITED IN THE SAME MANNER AS PRESCRIBED IN SECTION  
5 8-1181, SUBSECTION D AND THIRTY PERCENT OF THE MONIES SHALL BE DEPOSITED  
6 IN THE GRANT MONIES ACCOUNT ESTABLISHED BY SECTION 8-1181, SUBSECTION B,  
7 PARAGRAPH 4 FOR THE PURPOSES OF IMPROVING THE QUALITY OF AND INCREASING  
8 ACCESS TO EARLY CHILDHOOD EDUCATION PROGRAMS, INCLUDING A PROGRAM IN WHICH  
9 PUBLIC MONIES MATCH OTHER PUBLIC MONIES OR PRIVATE MONIES TO SUPPORT  
10 ACCESS TO AND QUALITY OF CHILD CARE IN SUPPORT OF THE WORKFORCE.

11           3. FIVE PERCENT IN THE NINTH GRADE ON-TRACK GRANT PROGRAM FUND  
12 ESTABLISHED BY SECTION 15-249.14.

13           4. ONE PERCENT IN THE SMOKE-FREE ARIZONA FUND ESTABLISHED BY  
14 SECTION 36-601.01.

15           5. NINETEEN PERCENT IN THE OUT-OF-SCHOOL TIME PROGRAM FUND  
16 ESTABLISHED BY SECTION 15-249.20.

17           6. FIVE PERCENT IN THE EARLY INTERVENTION SUPPORT FUND ESTABLISHED  
18 BY SECTION 41-2023.

19           Sec. 7. Exemption from rulemaking

20           Notwithstanding any other law, for the purposes of this act, the  
21 department of revenue is exempt from the rulemaking requirements of title  
22 41, chapter 6, Arizona Revised Statutes, for one year after the effective  
23 date of this act.

24           Sec. 8. Applicability

25           This act applies to taxable periods beginning on or after the first  
26 day of the month following the general effective date.

27           Sec. 9. Requirements for enactment; three-fourths vote

28           Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
29 sections 8-1181 and 36-601.01, Arizona Revised Statutes, as amended by  
30 this act, are effective only on the affirmative vote of at least  
31 three-fourths of the members of each house of the legislature.

32           Sec. 10. Requirements for enactment; two-thirds vote

33           Pursuant to article IX, section 22, Constitution of Arizona, this  
34 act is effective only on the affirmative vote of at least two-thirds of  
35 the members of each house of the legislature and is effective immediately  
36 on the signature of the governor or, if the governor vetoes this act, on  
37 the subsequent affirmative vote of at least three-fourths of the members  
38 of each house of the legislature.