



## 2026 South Dakota Legislature

# Senate Bill 221

### SENATE HEALTH AND HUMAN SERVICES ENGROSSED

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.

Introduced by: **Senator Karr**

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

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

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

5 **10-1-28.2.** All lists of taxpayers, licensees, or applicants compiled by the  
6 Department of Revenue are confidential, ~~except licensees which were licensed under the~~  
7 ~~provisions of chapter 10-47B, 32-6B, 32-6C, 32-7A, or 32-7B, or sections 2 to 21,~~  
8 ~~inclusive, of this Act.~~ It is a Class 2 misdemeanor to disclose any such list except to the  
9 extent necessary to carry out the official duties of the department.

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

11 Terms used in this chapter mean:

- 12 (1) "Licensee," a person licensed under the provisions of this chapter;  
13 (2) "Nicotine product," a product intended for human consumption, containing any  
14 form of the chemical nicotine, including any salt or complex, from any source,  
15 nicotinic alkaloids, nicotine analogs, and any substance intended to mimic or  
16 replicate the pharmacological effect of nicotine. The term includes delivery  
17 systems, components, parts, or accessories. The term does not include food, drugs,  
18 devices, or combination products, as defined in the Federal Food, Drug, and  
19 Cosmetic Act, 21 U.S.C § 301 et seq. (January 1, 2026), approved for sale by the  
20 United States Food and Drug Administration; and  
21 (3) "Retailer," a person engaged in the business of selling a nicotine product to an  
22 individual for any purpose other than resale.

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

1           Any communication by, or on behalf of, the manufacturer, distributor, or retailer  
2           of a tobacco product that indicates that the product contains a nicotine analog constitutes  
3           presumptive evidence that the product contains a nicotine analog.

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

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

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

11          (1) The contact information of the applicant;

12          (2) The name and mailing address of the registered agent of the applicant;

13          (3) The physical address and mailing address of the place of business of the retailer;  
14          and

15          (4) All past and current violations of state or federal law by the applicant relating to  
16          the sale, possession, or transportation of a nicotine product.

17          For retailers where at least fifty percent of the annual gross income in a year for  
18          the place of business is estimated to be generated from the sales of nicotine products, the  
19          application must be accompanied by a fee of five hundred dollars.

20          For retailers where less than fifty percent of the annual gross income in a year for  
21          the place of business is estimated to be generated from the sales of nicotine products, the  
22          application must be accompanied by a fee of two hundred fifty dollars.

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

24          A license issued under section 4 of this Act is valid through December thirtieth  
25          following the issuance of the license, unless the license is revoked sooner by the secretary  
26          pursuant to this chapter. A license is valid for an additional three days if the application  
27          to renew a license is in the possession of the department before midnight on the date of  
28          expiration.

29          A license issued under section 4 of this Act may be transferred if the new licensee  
30          obtains written approval from the department and is eligible for a license under this  
31          chapter.

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

1           A licensee may apply to the Department of Revenue for a renewal of the license  
2           within:

3           (1) Thirty days prior to the expiration of the license; or

4           (2) Three days after the expiration of the license.

5           For retailers where at least fifty percent of the annual gross income in a year for  
6           the place of business is generated from the sales of nicotine products, the renewal  
7           application must be accompanied by a fee of five hundred dollars.

8           For retailers where less than fifty percent of the annual gross income in a year for  
9           the place of business is generated from the sales of nicotine products, the renewal  
10          application must be accompanied by a fee of two hundred fifty dollars.

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

12           The Department of Revenue shall deny an application made under section 4 or 6  
13           of this Act if:

14           (1) The application includes any false information;

15           (2) The applicant is under the age of twenty-one years; or

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

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

19           The place of business of a licensee where a nicotine product is sold may not be  
20           located within five hundred feet of an elementary or secondary school, unless nicotine  
21           products were sold at the place of business prior to July 1, 2026.

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

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

26           A licensee may not:

27           (1) Ship, or cause to be shipped, a nicotine product to an individual to be consumed  
28           by the individual;

29           (2) Sell, or offer to sell, a nicotine product to a person under the age of twenty-one  
30           years;

31           (3) Sell, or offer to sell, a nicotine product in a vending machine;

1 (4) Sell a nicotine product by phone, voice transmission, mail, internet, electronic-  
2 application-based service, curbside pick-up, or by any third-party means;

3 (5) Provide free samples of nicotine products to an individual;

4 (6) Purchase a nicotine product from a person that is not a licensed distributor or  
5 licensed wholesaler under chapter 10-50 or under the provisions of House Bill 1220,  
6 as enacted by the One Hundred First Legislature; or

7 (7) Market, advertise, sell, or cause to be sold a nicotine product where the container  
8 or packaging of the nicotine product contains, includes, or is capable of running or  
9 interfacing with video games, mobile games, or interactive software on an  
10 integrated electronic screen, digital interface, or external gaming system, or is  
11 marketed as having gaming functionality.

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

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

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

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

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

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

25 The records must include information detailing the name, source, origin,  
26 manufacturer, and address of the person supplying, and a copy of the purchase invoice,  
27 of the nicotine products in the licensee's inventory.

28 The licensee shall preserve the records for three years.

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

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

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

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

8           Except as otherwise provided in this section, the secretary of the Department of  
9           Revenue, or an agent of the secretary, shall conduct an inspection of each licensee at least  
10          once every two years.

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

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

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

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

22          If a licensee is determined to have violated a provision of this chapter or chapter  
23          34-46, the secretary of the department must publish notice of the violation on the  
24          department's website.

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

26          If a licensee is determined to have violated a provision of sections 8 to 11, inclusive,  
27          of this Act or a provision of chapter 34-46, the secretary of the Department of Revenue  
28          must assess a penalty according to the following schedule:

- 29          (1) For a first violation, a fine not exceeding five hundred dollars;  
30          (2) For a second violation within a thirty-six-month period, a fine of one thousand  
31          dollars;

1 (3) For a third violation within a thirty-six-month period, a fine of two thousand dollars,  
2 and in addition to the fine assessed under this subdivision the licensee:

3 (a) May not sell, or offer to sell, a nicotine product for the following thirty days;  
4 and

5 (b) Must post a sign adjacent to the sign required in section 10 of this Act,  
6 stating in text at least one inch in height that due to a violation of state law,  
7 nicotine products may not be sold at this location at this time; and

8 (4) For a fourth violation within a thirty-six-month period, a fine of five thousand five  
9 hundred dollars, and in addition to the fine assessed under this subdivision, the  
10 secretary shall revoke the license.

11 Except as otherwise provided in this section, the secretary may, in accordance with  
12 chapter 1-26, revoke or suspend a license issued under this chapter for failure of the  
13 licensee to comply with a provision of this chapter or rules promulgated thereunder, or if  
14 the licensee is convicted of a felony.

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

16 A fine assessed under section 15 of this Act is due within thirty days of the  
17 Department of Revenue providing notice of the fine to the licensee.

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

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

23 If the license of a retailer is revoked pursuant to section 15 of this Act, the retailer  
24 must destroy all nicotine products possessed by the retailer, at the time of the revocation,  
25 in accordance with all state and federal requirements related to hazardous materials. The  
26 retailer shall submit verification of the destruction to the Department of Revenue, in a  
27 manner provided in rules promulgated by the secretary of the department.

28 A retailer who fails to comply with this section within seven days from the  
29 revocation of the license is subject to a fine of five thousand dollars, imposed by the  
30 department.

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

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

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

5           The Department of Revenue shall promulgate rules, in accordance with chapter 1-  
6           26, to:

7           (1) Establish a procedure for an initial and a renewal license application under this  
8           chapter;

9           (2) Provide for the manner in which nicotine products must be destroyed and the  
10           manner in which verification of the destruction must be submitted;

11           (3) Provide the process for assessing and collecting fines under this chapter;

12           (4) Establish standards for the keeping of records, as required in section 11 of this Act;  
13           and

14           (5) Establish a process for the inspection of records and premises, as authorized in  
15           section 12 of this Act.

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

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

20           **Section 21. That a NEW SECTION be added to a NEW CHAPTER in title 10:**

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

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

27           Expenditures from the fund must be budgeted through the general appropriation  
28           bill.

29           **Section 22. That § 34-46-2 be AMENDED:**

30           **34-46-2.** The following actions are unlawful:

- 1 (1) To ~~knowingly~~ sell or distribute a tobacco product to a person under the age of  
 2 twenty-one;
- 3 (2) ~~To purchase or attempt to purchase, to receive or attempt to receive, to possess,~~  
 4 ~~or to consume a tobacco product if a person is under the age of twenty-one;~~
- 5 (3) ~~—~~To purchase a tobacco product on behalf of, or to give a tobacco product to, any  
 6 person under the age of twenty-one;
- 7 (4)(3) To sell cigarettes or nicotine products, as defined in section 2 of this Act, other  
 8 than in an unopened package originating with the manufacturer and depicting the  
 9 warning labels required by federal law;
- 10 (5)(4) To sell tobacco products or nicotine products, as defined in section 2 of this Act,  
 11 through a vending machine ~~located in a place other than a place that is open to~~  
 12 ~~the public but to which persons under the age of twenty-one are denied access at~~  
 13 ~~all times;~~
- 14 (6)(5) To sell ~~cigarettes or smokeless tobacco, or both,~~ tobacco products or nicotine  
 15 products, as defined in section 2 of this Act, through a self-service display ~~other~~  
 16 ~~than a display that is:~~
- 17 (a) ~~— A vending machine permitted under subdivision (5) of this section; or~~  
 18 (b) ~~— Located in a tobacco speciality store; or~~
- 19 (7)(6) To distribute ~~tobacco product samples~~ products or nicotine products, as defined in  
 20 section 2 of this Act, in or on a public street, sidewalk, or park that is within five  
 21 hundred feet of a playground, school, or other facility when the facility is being  
 22 used primarily by persons under the age of twenty-one.
- 23 A person who violates this section is subject to a fine of two hundred fifty dollars,  
 24 imposed by the Department of Revenue. Each violation is subject to a fine.

25 **Section 23. That § 34-46-2.2 be AMENDED:**

26 **34-46-2.2.** A merchant shall conspicuously post a notice, on the merchant's  
 27 premises, stating that ~~"No~~ no person under the age of ~~21~~twenty-one may be sold tobacco  
 28 products."

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

33 ~~"Any person under 21 years of age is forbidden by law to purchase cigarettes from~~  
 34 ~~this machine."~~ or nicotine products, as defined in section 2 of this Act.

1 **Section 24. That § 34-46-21 be AMENDED:**

2 **34-46-21.** No person may sell a vapor product other than in an unopened package  
3 originating with the manufacturer and depicting the warning labels required by federal  
4 law, or sell a vapor product through self-service display other than a display that is:

5 ~~(1) A vending machine permitted under subdivision 34-46-2(5); or~~

6 ~~(2) Located~~ located in a tobacco specialty store.

7 ~~A violation of person who violates this section is a Class 2 misdemeanor. A person~~  
8 ~~is not liable for more than one violation of this section on a single day~~ subject to a fine of  
9 two hundred fifty dollars, imposed by the Department of Revenue. Each violation is subject  
10 to a fine.

11 **Section 25.** This Act is effective beginning January 1, 2027.