

## 2026 South Dakota Legislature

**Senate Bill 221****AMENDMENT 221B  
FOR THE SENATE HEALTH AND HUMAN SERVICES  
ENGROSSED BILL**

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) "Alternative nicotine product," a noncombustible product containing nicotine from  
13 any source or a nicotine analog that is intended for human consumption, whether  
14 chewed, absorbed, dissolved, ingested, inhaled, or consumed by any other means.  
15 The term does not include any vapor product or any product regulated as a drug  
16 or device by the United States Food and Drug Administration under the Food, Drug  
17 and Cosmetic Act, 21 U.S.C chapter 9 subchapter V (January 1, 2026);

18 (2) "Licensee," a person licensed under the provisions of this chapter;

19 ~~(2)(3) "Nicotine product," a product intended for human consumption, containing any~~  
20 ~~form of the chemical nicotine, including any salt or complex, from any source,~~  
21 ~~nicotinic alkaloids, nicotine analogs, and any substance intended to mimic or~~  
22 ~~replicate the pharmacological effect of nicotine. The term includes delivery~~  
23 ~~systems, components, parts, or accessories. The term does not include food, drugs,~~  
24 ~~devices, or combination products, as defined in the Federal Food, Drug, and~~  
25 ~~Cosmetic Act, 21 U.S.C § 301 et seq. (January 1, 2026), approved for sale by the~~

- 1 ~~United States Food and Drug Administration an alternative nicotine product,~~  
2 ~~tobacco product, or vapor product; and~~
- 3 ~~(3)(4) "Retailer," a person engaged in the business of selling a nicotine product to an~~  
4 ~~individual for any purpose other than resale;~~
- 5 ~~(5) "Tobacco product," cigarettes, cigars, snuff, chewing tobacco, and any other~~  
6 ~~products made up or composed of tobacco in whole or in part;~~
- 7 ~~(6) "Vapor product," a noncombustible product containing nicotine or a nicotine~~  
8 ~~analogue that employs a heating element, power source, electronic circuit, or other~~  
9 ~~electronic, chemical, or mechanical means, regardless of shape or size, that can~~  
10 ~~be used to produce vapor from nicotine in a solution. The term includes any~~  
11 ~~electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar~~  
12 ~~product or device, and a consumable nicotine solution suitable for use in a vapor~~  
13 ~~product, whether sold with the product or separately. The term does not include~~  
14 ~~any product approved by the United States Food and Drug Administration for sale~~  
15 ~~as a tobacco cessation product and marketed and sold solely for that purpose;~~
- 16 ~~(7) "Vending machine," a device that dispenses nicotine products to an individual for~~  
17 ~~any purpose other than resale; and~~
- 18 ~~(8) "Vending machine retailer," a person engaged in the business of selling a nicotine~~  
19 ~~product from vending machines.~~

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

21 Any communication by, or on behalf of, the manufacturer, distributor, or retailer  
22 of a ~~tobacco nicotine~~ product ~~that, which~~ indicates that the product contains a nicotine  
23 analog, constitutes presumptive evidence that the product contains a nicotine analog.

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

25 A retailer shall secure a license under this chapter to sell a nicotine product in this  
26 state. A separate application and a separate license are required for each place of business  
27 of a retailer where a nicotine product is sold at retail, ~~and for each licensed establishment~~  
28 ~~within which a retailer places a vending machine that sells a nicotine product pursuant to~~  
29 ~~section 8 of this Act.~~

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

- 33 (1) The contact information of the applicant;

- 1       (2) The name and mailing address of the registered agent of the applicant;  
2       (3) The physical address and mailing address of the place of business of the retailer;  
3       and  
4       (4) All past and current violations of state or federal law by the applicant relating to  
5       the sale, possession, or transportation of a nicotine product.

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

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

12           A retailer that places a vending machine in a licensed establishment pursuant to  
13           section 8 of this Act, shall pay a fee of one hundred dollars for each licensed establishment  
14           within which the retailer places a vending machine.

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

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

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

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

25           A licensee may apply to the Department of Revenue for a renewal of the license  
26           within:

- 27           (1) Thirty days prior to the expiration of the license; or  
28           (2) Three days after the expiration of the license.

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

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

4           A retailer that places a vending machine in a licensed establishment pursuant to  
5           section 8 of this Act, shall pay a fee of one hundred dollars for each licensed establishment  
6           within which the retailer places a vending machine.

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

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

10          (1) The application includes any false information;

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

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

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

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

18          ~~The distance measured for purposes of this section is from the nearest point of the~~  
19          ~~property on which the place of business is situated, to the nearest point of the property~~  
20          ~~on which the school is situated.~~~~A vending machine retailer may place a vending machine~~  
21          ~~within an establishment licensed pursuant to chapter 35-4, or within a licensed gaming~~  
22          ~~establishment as defined in § 42-7B-4.~~

23          A vending machine must be equipped with an age-verification system. Age  
24          verification is required to purchase a nicotine product from the vending machine.

25          For purposes of this Act, the retailer is responsible for compliance with all provisions  
26          of this Act. The establishment in which the vending machine is placed is not a retailer or  
27          vending machine retailer, unless nicotine products are otherwise sold at the establishment  
28          without the use of a vending machine.

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

30          A licensee may not:

- 1       (1) Ship, or cause to be shipped, a nicotine product to an individual to be consumed  
2           by the individual;
- 3       (2) Sell, or offer to sell, a nicotine product to a person under the age of twenty-one  
4           years;
- 5       (3) Sell, or offer to sell, a nicotine product in a vending machine, ~~except as provided~~  
6           in section 8 of this Act;
- 7       (4) Sell a nicotine product by phone, voice transmission, mail, internet, electronic-  
8           application-based service, curbside pick-up, or by any third-party means;
- 9       (5) Provide free samples of nicotine products to an individual;
- 10      (6) Purchase a nicotine product from a person that is not a licensed distributor or  
11        licensed wholesaler under chapter 10-50 or under the provisions of House Bill 1220,  
12        as enacted by the One Hundred First Legislature; or
- 13      (7) Market, advertise, sell, or cause to be sold a nicotine product where the container  
14        or packaging ~~of the nicotine product contains, includes, or is capable of running or~~  
15        ~~interfacing with video games, mobile games, or interactive software on an~~  
16        ~~integrated electronic screen, digital interface, or external gaming system, or is~~  
17        ~~marketed as having gaming functionality includes a video game or mobile game~~  
18        ~~capable of interfacing with an external gaming system or mobile application, or has~~  
19        ~~a gaming functionality.~~

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

23        For purposes of this section, a sale of a nicotine product from a vending machine  
24        does not constitute a sale described under subdivision (4) of this section.

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

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

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

31        A vending machine constitutes the point of sale for nicotine products sold from the  
32        vending machine. The electronic display of the license and sign on the vending machine,  
33        as required by this section, meets the requirements of this section.

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

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

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

8 The licensee shall preserve the records for three years.

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

12 Nicotine products sold from, or contained in, a vending machine are inventory of  
13 the licensed retailer, and are not the inventory of the establishment within which the  
14 vending machine is placed. The requirements of this section apply only to the retailer,  
15 and may be maintained at the retailer's principal location.

16 The establishment within which the vending machine is placed is not subject to the  
17 requirements of this section.

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

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

25 An establishment within which a vending machine is placed is not subject to the  
26 provisions of this section solely for the purpose of determining whether the retailer has  
27 violated any provisions of this chapter or any rule promulgated thereunder.

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

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

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

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

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

- 7 (1) The licensee's name;  
8 (2) The name and mailing address of the registered agent of the licensee;  
9 (3) The physical address of the licensee's place of business;  
10 (4) The registered agent; and  
11 (5) The date on which the license was initially issued.

12 If a licensee is determined to have violated a provision of this chapter or chapter  
13 34-46, the secretary of the department must publish notice of the violation on the  
14 department's website.

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

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

- 19 (1) For a first violation, a fine not exceeding five hundred dollars;  
20 (2) For a second violation within a thirty-six-month period, a fine of one thousand  
21 dollars;  
22 (3) For a third violation within a thirty-six-month period, a fine of two thousand dollars,  
23 and in addition to the fine assessed under this subdivision the licensee:  
24 (a) May not sell, or offer to sell, a nicotine product for the following thirty days;  
25 and  
26 (b) Must post a sign adjacent to the sign required in section 10 of this Act,  
27 stating in text at least one inch in height that due to a violation of state law,  
28 nicotine products may not be sold at this location at this time; and  
29 (4) For a fourth violation within a thirty-six-month period, a fine of five thousand five  
30 hundred dollars, and in addition to the fine assessed under this subdivision, the  
31 secretary shall revoke the license.

32 Except as otherwise provided in this section, the secretary may, in accordance with  
33 chapter 1-26, revoke or suspend a license issued under this chapter for failure of the

1 licensee to comply with a provision of this chapter or rules promulgated thereunder, or if  
2 the licensee is convicted of a felony.

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

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

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

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

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

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

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

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

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

24 The Department of Revenue shall promulgate rules, in accordance with chapter 1-  
25 26, to:

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

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

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

- 1        (4) Establish standards for the keeping of records, as required in section 11 of this Act;  
 2                and  
 3        (5) Establish a process for the inspection of records and premises, as authorized in  
 4                section 12 of this Act.

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

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

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

10                There is created a nicotine enforcement fund. The Department of Revenue shall  
 11                administer the fund. The purpose of the fund is to defray expenses associated with the  
 12                enforcement of this chapter.

13                Moneys collected under this chapter must be forwarded to the state treasurer to  
 14                be deposited into the fund. Interest on moneys credited to the fund must remain in the  
 15                fund.

16                Expenditures from the fund must be budgeted through the general appropriation  
 17                bill.

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

19                **34-46-2.** The following actions are unlawful:

- 20        (1) To ~~knowingly sell or distribute a tobacco product~~ nicotine product, as defined in  
 21                section 2 of this Act, to a person under the age of twenty-one;  
 22        (2) To ~~purchase or attempt to purchase, to receive or attempt to receive, to possess,~~  
 23                ~~or to consume a tobacco product if a person is under the age of twenty-one;~~  
 24        (3) To purchase a ~~tobacco product~~ nicotine product, as defined in section 2 of this Act,  
 25                on behalf of, or to give a tobacco product to, any person under the age of twenty-  
 26                one;  
 27        (4)(3) To sell ~~cigarettes or~~ nicotine products, as defined in section 2 of this Act, other  
 28                than in an unopened package originating with the manufacturer and depicting the  
 29                warning labels required by federal law;  
 30        (5)(4) To sell ~~tobacco products or~~ nicotine products, as defined in section 2 of this Act,  
 31                through a vending machine ~~located in a place other than a place that is open to~~

1 the public but to which persons under the age of twenty one are denied access at  
 2 all times, except as otherwise provided in section 8 of this Act;

3 ~~(6)(5)~~ To sell cigarettes or smokeless tobacco, or both, tobacco products or nicotine  
 4 products, as defined in section 2 of this Act, through a self-service display ~~other~~  
 5 ~~than a display that is:~~

6 (a) — A vending machine permitted under subdivision (5) of this section; or

7 (b) — Located in a tobacco speciality store; or

8 ~~(7)(6)~~ To distribute ~~tobacco product samples~~ products or samples of nicotine products, as  
 9 defined in section 2 of this Act, in or on a public street, sidewalk, or park that is  
 10 within five hundred feet of a playground, school, or other facility when the facility  
 11 is being used primarily by persons under the age of twenty-one.

12 A person who violates this section is subject to a fine of two hundred fifty dollars,  
 13 imposed by the Department of Revenue. Each violation is subject to a fine.

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

15 **34-46-2.2.** A ~~Except as otherwise provided in this section, a~~ merchant shall  
 16 conspicuously post a notice, on the merchant's premises, stating that "no ~~no~~ person under  
 17 the age of ~~21~~ twenty-one may be sold tobacco products."

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

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

24 For purposes of this section, the notice may be displayed electronically on a  
 25 vending machine.

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

27 **34-46-21.** No person may sell a vapor product other than in an unopened package  
 28 originating with the manufacturer and depicting the warning labels required by federal  
 29 law, ~~or sell a vapor product through self-service display other than a display that is:~~

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

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

32 A violation of person who violates this section is a Class 2 misdemeanor. A person  
 33 is not liable for more than one violation of this section on a single day subject to a fine of

1 two hundred fifty dollars, imposed by the Department of Revenue. Each violation is subject  
2 to a fine.

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

AMENDMENT