



January 23, 2026

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## SENATE BILL No. 185

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DIGEST OF SB 185 (Updated January 22, 2026 12:23 pm - DI 120)

**Citations Affected:** IC 7.1-3; IC 7.1-5; IC 7.1-7; IC 24-3; IC 35-45; IC 35-46.

**Synopsis:** Alcohol and tobacco matters. Provides that a person may not sell a tobacco product or electronic cigarette at wholesale without a tobacco sales certificate (certificate). Provides that the alcohol and tobacco commission shall not issue a certificate to a retail location where a certificate was revoked within one year prior to the application. Changes the time a certificate is valid from the date of issuance from three years to one year. Provides for the suspension of a certificate if the certificate holder's employees violate employee identification requirements three or more times in one year. Establishes various requirements for e-liquid products manufactured, distributed, or sold in Indiana. Prohibits the sale or distribution of an e-liquid or an e-liquid containing an ingredient that is manufactured, sourced, or otherwise imported from a foreign adversary. Amends the requirements for an initial and renewal application to manufacture e-liquids. Adds the sale of alcohol without a permit to the violations which may constitute racketeering activity. Changes the infraction of the habitual illegal sale of tobacco products from six violations in a year to three violations in a year.

**Effective:** July 1, 2026.

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### Alting, Walker K, Spencer

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January 5, 2026, read first time and referred to Committee on Public Policy.  
January 15, 2026, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.  
January 22, 2026, amended, reported favorably — Do Pass.

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SB 185—LS 6454/DI 137





January 23, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## SENATE BILL No. 185

A BILL FOR AN ACT to amend the Indiana Code concerning alcohol and tobacco.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 7.1-3-18.5-1, AS AMENDED BY P.L.32-2019,  
2 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 1. (a) A person may not sell or otherwise  
4 distribute in exchange for consideration a tobacco product or electronic  
5 cigarette at retail **or wholesale** without a valid tobacco sales certificate  
6 issued by the commission.  
7 (b) A certificate may be issued only to a person who owns or  
8 operates at least one (1) of the following:  
9 (1) A premises consisting of a permanent building or structure,  
10 **that does not contain sleeping or living quarters**, where the  
11 tobacco product or electronic cigarette is sold or distributed.  
12 (2) A premises upon which a cigarette vending machine is  
13 located.  
14 SECTION 2. IC 7.1-3-18.5-1.5 IS ADDED TO THE INDIANA  
15 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
16 [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. (a) A person may not sell**  
17 **tobacco products or electronic cigarettes at wholesale or**

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participate in the wholesale distribution of tobacco products or electronic cigarettes without a valid wholesale tobacco sales certificate issued by the commission.

(b) The commission may only issue a wholesale tobacco sales certificate to a person who owns or operates at a premises consisting of a permanent building or structure that is used for the wholesale distribution of tobacco products or electronic cigarettes.

SECTION 3. IC 7.1-3-18.5-2, AS AMENDED BY P.L.107-2024, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) A person who desires a certificate must provide the following to the commission:

(1) The applicant's name and mailing address and the address of the premises for which the certificate is being issued.

(2) Except as provided in section 6(c) of this chapter, a fee of two hundred dollars (\$200).

(3) The name under which the applicant transacts or intends to transact business.

(4) The address of the applicant's principal place of business or headquarters, if any.

(5) The statement required under section 2.6 of this chapter.

(6) If the applicant is applying for a new certificate under section 3.2 of this chapter, a copy of each of the following:

(A) If the new ownership of the business is a business entity, the articles of incorporation, articles of organization, or any other formation documents of the business entity.

(B) If the new ownership of the business is an individual, either:

(i) the sales or purchase agreement; or

(ii) an affidavit signed by the applicant concerning the sale or purchase, on a form prescribed by the commission, that includes the name and address of the seller and purchaser.

(C) The certificate held by the previous ownership of the business.

(b) A separate certificate is required for each location where the tobacco products or electronic cigarettes are sold or distributed. A retail establishment may not hold more than one (1) active tobacco sales certificate for a retail location at any time. **The commission shall not issue a certificate to a retail location where a tobacco sales certificate was revoked within one (1) year prior to the date of the application.**

(c) A certificate holder shall conspicuously display the holder's certificate on the holder's premises where the tobacco products or



1 electronic cigarettes are sold or distributed.

2 (d) Any intentional misstatement or suppression of a material fact  
3 in an application filed under this section constitutes grounds for denial  
4 of the certificate.

5 (e) A certificate may be issued only to a person who meets the  
6 following requirements:

7 (1) If the person is an individual, the person must be at least  
8 twenty-one (21) years of age.

9 (2) The person must be authorized to do business in Indiana.

10 (3) The person has not had an interest in a certificate revoked **or**  
11 **suspended** by the commission for that business location within  
12 the preceding one (1) year.

13 (f) The fees collected under this section shall be deposited in the  
14 enforcement and administration fund under IC 7.1-4-10.

15 SECTION 4. IC 7.1-3-18.5-2.4, AS ADDED BY P.L.107-2024,  
16 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
17 JULY 1, 2026]: Sec. 2.4. (a) Subject to available resources, the  
18 commission shall not issue a tobacco sales certificate, except as  
19 otherwise authorized in this title and subject to the other restrictions  
20 contained in this title, to the following persons:

21 (1) A person who does not have lawful status (as defined in  
22 IC 9-13-2-92.3).

23 (2) A person who has been convicted within five (5) years before  
24 the date of application of:

25 (A) a federal crime having a sentence of at least one (1) year;

26 (B) a Level 1, Level 2, Level 3, Level 4, or Level 5 felony; or

27 (C) a crime in a state other than Indiana having a penalty equal  
28 to the penalty for an Indiana Level 1, Level 2, Level 3, Level  
29 4, or Level 5 felony.

30 However, this subdivision does not apply to a conviction that has  
31 been expunged under IC 35-38-9.

32 (3) A person who does not meet at least one (1) of the following  
33 descriptions:

34 (A) The person owns the premises to which the certificate will  
35 be applicable.

36 (B) The person has a valid lease on the premises:

37 (i) at the time of the application for a certificate; and

38 (ii) for the duration of the period in which the person sells or  
39 distributes in the manner described in section 1 of this  
40 chapter.

41 (C) The person has a franchise agreement with a franchisor:

42 (i) that owns the premises to which the certificate will be



- 1 applicable; or
- 2 (ii) that has a bona fide lease on the premises for the full
- 3 period for which the certificate is to be issued.
- 4 (4) A person whose place of business is conducted by a manager
- 5 or agent, unless the manager or agent possesses the same
- 6 qualifications required for the issuance of a tobacco sales
- 7 certificate to the person.
- 8 (5) A minor.
- 9 (6) A person non compos mentis.
- 10 (7) A person who has held a permit or certificate under this title
- 11 and who has had that permit or certificate revoked **or suspended**
- 12 within one (1) year prior to the date of application for a tobacco
- 13 sales certificate.
- 14 (8) A person who has made an application for a permit or
- 15 certificate of any type under this title which has been denied less
- 16 than one (1) year prior to the person's application for a tobacco
- 17 sales certificate unless the first application was denied by reason
- 18 of a procedural or technical defect.
- 19 (b) Subsection (a)(5) does not prevent a minor from being a
- 20 stockholder in a corporation.
- 21 SECTION 5. IC 7.1-3-18.5-3, AS AMENDED BY P.L.224-2005,
- 22 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 23 JULY 1, 2026]: Sec. 3. (a) A certificate issued by the commission
- 24 under this chapter must contain the following information:
- 25 (1) The certificate number.
- 26 (2) The certificate holder's name.
- 27 (3) The permanent location of the business or vending machine
- 28 for which the certificate is issued.
- 29 (4) The expiration date of the certificate.
- 30 (b) A certificate is:
- 31 (1) valid for ~~three (3) years~~ **one (1) year** after the date of
- 32 issuance, unless the commission suspends the certificate; and
- 33 (2) nontransferable.
- 34 SECTION 6. IC 7.1-3-18.5-9.2, AS ADDED BY P.L.107-2024,
- 35 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 36 JULY 1, 2026]: Sec. 9.2. (a) An employee of a certificate holder must
- 37 hold a valid:
- 38 (1) driver's license issued by the state of Indiana or another state;
- 39 or
- 40 (2) identification card issued by the state of Indiana, another state,
- 41 or the United States;
- 42 to sell tobacco products.



(b) An employee must have the employee's driver's license or identification card or a copy of the employee's driver's license or identification card:

(1) either:

(A) in the employee's possession; or

(B) on file with the employee's employer; and

(2) upon request, readily available to show to an excise officer or law enforcement;

when selling tobacco products.

(c) If an employee holds a valid license or identification card as described in subsection (a) but is unable to show the license, identification card, or a copy to an excise officer under subsection (b) because:

(1) the employee has left the license, identification card, or copy in another location; or

(2) the license, identification card, or copy has otherwise been lost or mislaid;

the employee may, within five (5) days of the employee's inability to show the license, identification card, or copy to the excise officer, produce to the excise officer or to the office of the commission satisfactory evidence of a license or identification card issued to the individual that was valid at the time the individual was unable to show the license, identification card, or copy.

(d) If an employee who is unable to show a license, identification card, or copy to an excise officer fails to produce satisfactory evidence within five (5) days in the manner described in subsection (c), the commission may impose a civil penalty on the certificate holder under IC 7.1-3-23-3.

**(e) If a certificate holder's employees violate this section three (3) or more times in a one (1) year period, the commission shall suspend the certificate holder's certificate for a period of five (5) days.**

SECTION 7. IC 7.1-5-10-23, AS AMENDED BY P.L.32-2019, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. It is a Class C infraction for a permittee, **certificate holder**, or an employee or agent of a permittee **or certificate holder** to recklessly, knowingly, or intentionally sell, barter, exchange, provide, or furnish another person who is or reasonably appears to be less than forty (40) years of age an alcoholic beverage **or tobacco product** for consumption off the licensed premises without first requiring the person to produce:

(1) a driver's license;



(2) an identification card issued under IC 9-24-16-1 or a similar card issued under the laws of another state or the federal government; or

(3) a government issued document; bearing the person's photograph and birth date showing that the person is at least twenty-one (21) years of age.

SECTION 8. IC 7.1-7-1-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) An e-liquid product manufactured, distributed, or sold in Indiana must adhere to all applicable rules and regulations of the federal Food and Drug Administration, including those rules and regulations regarding product safety, labeling, and manufacturing standards.**

**(b) Except as otherwise provided in this article, this article does not require a product subject to this article to be specifically approved by the federal Food and Drug Administration if the product satisfies all applicable rules and regulations.**

**(c) If a product subject to this article is approved by the federal Food and Drug Administration, the approval constitutes prima facie evidence of compliance with this article.**

SECTION 9. IC 7.1-7-1-1, AS AMENDED BY P.L.206-2017, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1. (a) Except as provided in subsection (b), this article applies to the following:**

(1) The commercial manufacturing, bottling, selling, bartering, or importing of e-liquid in Indiana.

(2) The sale, possession, and use of e-liquid products in Indiana, **including through a cigarette vending machine.**

**(b) This article does not apply applies to a manufacturer manufacturers of a both closed and open system vapor product; except as specifically provided in this article: devices manufactured or sold in Indiana.**

SECTION 10. IC 7.1-7-1-2, AS AMENDED BY P.L.206-2017, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2. The purpose of this article is to protect public health and safety by:**

(1) ensuring the safety and security of e-liquid manufactured for sale in Indiana;

(2) ensuring that e-liquid manufactured or sold in Indiana conforms to appropriate standards of identity, strength, quality, and purity; ~~and~~

(3) ensuring that e-liquid is not contaminated or adulterated by





the inclusion of ingredients or other substances that might pose unreasonable threats to public health and safety; **and**

**(4) ensuring dangerous foreign adversary products are not sold or distributed in Indiana.**

SECTION 11. IC 7.1-7-2-8 IS REPEALED [EFFECTIVE JULY 1, 2026]. Sec. 8. "~~Distributor~~" means a person who is licensed under ~~IC 6-7-2-8 that:~~

(1) distributes, sells, barter, or exchanges e-liquid in Indiana to retail dealers for the purpose of resale; or

(2) purchases e-liquid directly from a manufacturer for the purpose of resale.

SECTION 12. IC 7.1-7-2-10, AS AMENDED BY P.L.206-2017, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. "E-liquid" means a substance that:

(1) may or may not contain nicotine; and

(2) is intended to be vaporized and inhaled using a vapor ~~product~~ device.

SECTION 13. IC 7.1-7-2-12, AS AMENDED BY P.L.206-2017, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. "Flavoring" means a food grade additive or synthetic flavoring substance that is used to add flavor and that is not prohibited by the federal Food and Drug Administration as an additive in vapor ~~products~~ devices.

SECTION 14. IC 7.1-7-2-12.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12.3. "**Foreign adversary**" means an individual, business entity, or other entity located in or organized under the laws of a nation governed by a foreign government listed in 15 CFR 791.4.

SECTION 15. IC 7.1-7-2-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12.5. "**Foreign adversary product**" means:

(1) an e-liquid; or

(2) an e-liquid containing an ingredient;

that is manufactured, sourced, or otherwise imported from a nation governed by a foreign government listed in 15 CFR 791.4.

SECTION 16. IC 7.1-7-2-15, AS AMENDED BY P.L.206-2017, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 15. "Manufacturer" means a person located inside or outside Indiana that is engaged in manufacturing e-liquid for closed and open system vapor devices.



SECTION 17. IC 7.1-7-2-15.5 IS REPEALED [EFFECTIVE JULY 1, 2026]. Sec. 15.5: "Manufacturer of a closed system vapor product" means a manufacturer of vapor products whose closed system vapor products are for sale in Indiana; but that does not produce open system vapor products that are for sale in Indiana.

SECTION 18. IC 7.1-7-2-23, AS AMENDED BY P.L.206-2017, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. "Vapor ~~product~~ **device**" means a powered vaporizer that converts e-liquid to a vapor intended for inhalation. **The term includes both open and closed system vapor devices.**

SECTION 19. IC 7.1-7-2-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 24. "Wholesaler" means a person who has obtained or is required to obtain a wholesale tobacco sales certificate under IC 7.1-3-18.5-1.5 that:

- (1) distributes, sells, barter, or exchanges e-liquid in Indiana to retail dealers for the purpose of resale; or
- (2) purchases e-liquid directly from a manufacturer for the purpose of resale to resellers.

SECTION 20. IC 7.1-7-3-2, AS AMENDED BY P.L.206-2017, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. The commission has the following duties and responsibilities:

- (1) To require the submission of information necessary to implement this article.
- (2) To issue permits.
- (3) To charge fees as set forth in this article. ~~The fees charged under this subdivision may not exceed the actual costs incurred by the commission.~~
- (4) To approve or deny a permit application made under IC 7.1-7-4 within sixty (60) days of receiving the application.

SECTION 21. IC 7.1-7-4-1, AS AMENDED BY P.L.49-2020, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. **(a) Not later than January 1, 2027, a manufacturer of an e-liquid product that is manufactured or sold in Indiana must obtain a permit under this section.**

~~(a)~~ **(b)** A manufacturer of e-liquid may not mix, bottle, package, or sell e-liquid to retailers, consumers, or ~~distributors~~ **wholesalers** in Indiana without a permit issued by the commission under this article.

~~(b)~~ **(a)** An e-liquid manufactured by an e-liquids manufacturer approved by the commission under this article before July 1, 2017, may be distributed and sold for retail until the expiration date of the



~~e-liquid:~~

(c) A manufacturing permit issued by the commission **before July 1, 2026**, is valid for five (5) years. **A manufacturing permit issued by the commission after June 30, 2026, is valid for two (2) years. A manufacturing permit issued by the commission under this article before July 1, 2017, does not expire before July 1, 2020.**

(d) An initial application for a manufacturing permit must include the following:

(1) The name, telephone number, and address of the applicant.

(2) The name, telephone number, and address of the manufacturing facility.

(3) The name, telephone number, title, and address of the person responsible for the manufacturing facility.

(4) Verification that the facility will comply with applicable tobacco products good manufacturing practices promulgated under 21 U.S.C. 387f(e) of the federal Food, Drug, and Cosmetic Act.

(5) Verification that the manufacturer will comply with the applicable ingredient listing required by 21 U.S.C. 387d(a)(1) of the federal Food, Drug, and Cosmetic Act.

(6) Written consent allowing the state police department to conduct a state or national criminal history background check on any person listed on the application.

(7) A nonrefundable initial application fee of ~~one thousand dollars (\$1,000)~~ **three thousand dollars (\$3,000)**.

**(8) Verification that the manufacturer will comply with all other state and federal laws related to e-liquids.**

**(9) An affirmation, made under the penalties for perjury, that the manufacturer will not use any ingredients or e-liquids in the manufacturer's manufacturing process that originate in a nation governed by a foreign government listed in 15 CFR 791.4.**

(e) The fees collected under subsection (d)(7) shall be deposited in the enforcement and administration fund established under IC 7.1-4-10.

**(f) Except as otherwise provided in this article, an applicant for a permit under this section must adhere to all state and federal laws applicable to e-liquids, including rules and regulations promulgated by the federal Food and Drug Administration.**

SECTION 22. IC 7.1-7-4-2, AS AMENDED BY P.L.206-2017, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) A manufacturing permit that is renewed by the commission **before July 1, 2026**, is valid for five (5) years. A



**manufacturing permit that is renewed by the commission after June 30, 2026, is valid for two (2) years.**

(b) A renewal application for a manufacturing permit must include the following:

- (1) The name, telephone number, and address of the applicant.
- (2) The name, telephone number, and address of the manufacturing facility.
- (3) The name, telephone number, title, and address of the person responsible for the manufacturing facility.
- (4) Verification that the facility complies with all tobacco products good manufacturing practices:
  - (A) set forth in; and
  - (B) promulgated in federal rules under; 21 U.S.C. 387f through 21 U.S.C. 387u of the federal Food, Drug, and Cosmetic Act.
- (5) Written consent allowing the state police department to conduct a state or national criminal history background check on any person listed on the application.
- (6) A nonrefundable renewal application fee of ~~five hundred dollars (\$500)~~ **one thousand dollars (\$1,000)**.
- (7) Verification that the manufacturer will comply with all other state and federal laws related to e-liquids.**
- (8) An affirmation, made under the penalties for perjury, that the manufacturer will not use any ingredients or e-liquids in the manufacturer's manufacturing process that originate in a nation governed by a foreign government listed in 15 CFR 791.4.**

(c) The fees collected under subsection (b)(6) shall be deposited in the enforcement and administration fund established under IC 7.1-4-10.

SECTION 23. IC 7.1-7-4-6, AS AMENDED BY P.L.17-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) As used in this section:

- (1) "adulterated" means a product that:
  - (A) consists in whole or in part of any filthy, putrid, or decomposed substance; ~~or~~
  - (B) is contaminated by any added poisonous or added deleterious substance that may render the product injurious to health; ~~and or~~
  - (C) is a foreign adversary product (as defined in IC 7.1-7-2-12.5); and**
- (2) "tamper evident package" means a package having at least one
  - (1) indicator or barrier to entry that, if breached or missing, can



1 reasonably be expected to provide visible evidence to consumers  
2 that tampering has occurred.

3 (b) A manufacturing facility shall comply with the following  
4 requirements:

5 (1) An e-liquid container must use a child proof cap that has the  
6 child resistant effectiveness set forth in the federal poison  
7 prevention packaging standards, 16 CFR 1700.15(b)(1).

8 (2) An e-liquid container must use a tamper evident package. The  
9 tamper evident package feature must be designed to and remain  
10 intact when handled in a reasonable manner during the  
11 manufacture, distribution, and retail display of the e-liquid  
12 container.

13 (3) The label on an e-liquid container must meet the nicotine  
14 addictiveness warning statement requirements set forth in 21 CFR  
15 1143.3.

16 (4) The manufacturer, **wholesaler**, or retailer may not add an  
17 adulterated product to any e-liquid produced for sale in Indiana.

18 (5) The manufacturer must submit to random site visits by the  
19 commission.

20 (6) The manufacturer may:

21 (A) own and control both the e-liquid manufacturing process  
22 and the bottling process; or

23 (B) subcontract with another manufacturer for the performance  
24 of the e-liquid manufacturing service, the bottling services, or  
25 both services.

26 However, both the manufacturer performing a service under  
27 clause (B) and the manufacturer for which the service is  
28 performed must meet the requirements of this article, **including**  
29 **obtaining a permit. A manufacturer may not be located in or**  
30 **source any ingredient or substance used in an e-liquid product**  
31 **from a nation governed by a foreign government listed in 15**  
32 **CFR 791.4.**

33 (7) A manufacturer may use a flavoring, as defined by  
34 IC 7.1-7-2-12, as an ingredient in an e-liquid.

35 (8) The manufacturer or any person listed on the permit  
36 application may not have been convicted within ten (10) years  
37 before the date of application of:

38 (A) a federal crime having a sentence of at least one (1) year;

39 (B) an Indiana Class A, Class B, or Class C felony (for a crime  
40 committed before July 1, 2014) or a Level 1, Level 2, Level 3,  
41 Level 4, or Level 5 felony (for a crime committed after June  
42 30, 2014);



(C) a crime in a state other than Indiana having a penalty equal to the penalty for an Indiana Class A, Class B, or Class C felony (for a crime committed before July 1, 2014) or a Level 1, Level 2, Level 3, Level 4, or Level 5 felony (for a crime committed after June 30, 2014);

(D) an Indiana Class D felony involving a controlled substance under IC 35-48-4 (for a crime committed before July 1, 2014) or a Level 6 felony involving a controlled substance under IC 35-48-4 (for a crime committed after June 30, 2014); or

(E) a crime in a state other than Indiana similar to a Class D felony involving a controlled substance under IC 35-48-4 (for a crime committed before July 1, 2014) or a Level 6 felony involving a controlled substance under IC 35-48-4 (for a crime committed after June 30, 2014).

SECTION 24. IC 7.1-7-4-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 8. (a) This section does not apply to:**

**(1) a vapor device (as defined in IC 7.1-7-2-23), including:**

**(A) a part to be utilized in an open or closed system to convert e-liquid to a vapor for inhalation; or**

**(B) an e-liquid product that includes a vapor device sourced from or manufactured by a foreign adversary; and**

**(2) an e-liquid product that is manufactured by or sourced from a foreign adversary, if the e-liquid product has been specifically approved for distribution and sale in the United States by the federal Food and Drug Administration.**

**(b) A manufacturer of e-liquid that is permitted or required to be permitted under this chapter may not manufacture or source a foreign adversary product.**

**(c) A retailer that holds or is required to hold a tobacco sales certificate under IC 7.1-3-18.5-1 may not possess, sell, or otherwise distribute a foreign adversary product.**

**(d) A wholesaler that holds or is required to hold a wholesale tobacco sales certificate under IC 7.1-3-18.5-1.5 may not possess, sell, or otherwise distribute a foreign adversary product.**

SECTION 25. IC 7.1-7-5-1.1, AS AMENDED BY P.L.220-2023, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1.1. (a) A retailer must have a valid sales certificate issued by the commission in accordance with IC 7.1-3-18.5-1 that contains a separate box to check for identifying a retailer that sells e-liquids.**

**(b) A retailer may purchase e-liquid only from an Indiana e-liquid**



1 manufacturing permit holder or an Indiana ~~distributor~~ **wholesaler**  
2 permit holder.

3 (c) A retailer shall retain all invoices for e-liquid that the retailer  
4 purchases for two (2) years.

5 (d) A retailer shall not allow the self-service sale for individuals  
6 purchasing an e-liquid.

7 (e) A retailer may not sell an e-liquid that contains more than  
8 seventy-five (75) milligrams per milliliter of nicotine.

9 (f) A manufacturer must have an e-liquid manufacturing permit  
10 issued under IC 7.1-7-4.

11 (g) A ~~distributor~~ **wholesaler** that does not have a valid e-liquid  
12 manufacturing permit issued under IC 7.1-7-4 must have a valid  
13 ~~distributor's license~~ **wholesale tobacco sales certificate** issued under  
14 ~~IC 6-7-2-8~~ **IC 7.1-3-18.5-1.5**.

15 (h) A ~~distributor~~ **wholesaler** shall purchase and distribute e-liquid  
16 from an:

17 (1) Indiana e-liquid manufacturer that has a valid e-liquid  
18 manufacturing permit under IC 7.1-7-4; or

19 (2) Indiana e-liquid ~~distributor~~ **wholesaler** that has a valid:

20 (A) e-liquid manufacturing permit issued under IC 7.1-7-4; or

21 (B) ~~distributor's license~~ **wholesale tobacco sales certificate**  
22 under ~~IC 6-7-2-8~~ **IC 7.1-3-18.5-1.5**.

23 (i) A ~~distributor~~ **wholesaler** shall retain all invoices to a retailer or  
24 from a manufacturer for at least two (2) years.

25 (j) A manufacturer, ~~distributor~~, **wholesaler**, or retailer may not  
26 market e-liquid as a modified risk tobacco product, as defined by  
27 IC 7.1-7-2-17.5, that has not been designated as a modified risk  
28 tobacco product by the federal Food and Drug Administration.

29 (k) Except as provided in subsection (m), a manufacturer ~~including~~  
30 ~~a manufacturer of a closed system vapor product~~, **permitted or**  
31 **required to be permitted under IC 7.1-7-4** shall annually submit a  
32 report to the commission setting forth:

33 (1) each new product that the manufacturer is producing and is  
34 sold in Indiana with a list of the contents and ingredients by  
35 volume; and

36 (2) whether the manufacturer has stopped producing products  
37 previously produced and sold in Indiana.

38 A report under this subsection is confidential, and the commission may  
39 not disclose it to another person.

40 (l) A manufacturer **permitted or required to be permitted under**  
41 **IC 7.1-7-4** shall annually submit a report to the commission setting  
42 forth:



(1) the milligrams per milliliter of nicotine in each product the manufacturer produces; and

(2) the milliliters of each product sold that current year.

A report under this subsection is confidential, and the ATC may not disclose it to another person.

(m) A manufacturer is not required to submit a report described in subsection (k) if the manufacturer submits to the commission a certification, by October 1 of each year, that each of the manufacturer's vapor ~~products~~ **devices** sold in Indiana has been filed with the federal Food and Drug Administration.

SECTION 26. IC 7.1-7-5-2, AS ADDED BY P.L.176-2015, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) A manufacturer of e-liquid may file a request with the **Indiana** department **of health** for approval of an ingredient to be allowed in the composition of e-liquid.

(b) The **Indiana** department **of health** may approve the request filed under subsection (a) if the department determines that the ingredient will not pose an unreasonable threat to public health and safety.

SECTION 27. IC 7.1-7-6-1, AS AMENDED BY P.L.206-2017, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) If a manufacturer, ~~distributor,~~ **wholesaler**, or retailer violates **any provision of** this article, the manufacturer, ~~distributor,~~ **wholesaler**, or retailer may be reprimanded, assessed a civil penalty, or have the manufacturer's permit, ~~distributor's license,~~ **wholesaler's tobacco sales certificate**, or retailer's tobacco sales certificate suspended **by the commission**.

(b) Any provision in this article that requires a manufacturer, **wholesaler, or retailer** to comply with the federal Food, Drug, and Cosmetic Act or a federal rule promulgated under the federal Food, Drug, and Cosmetic Act is under the ~~sole~~ **dual** jurisdiction of the federal Food and Drug Administration **and the commission and may be enforced through action by the federal Food and Drug Administration and the commission**. If the federal Food and Drug Administration seeks court enforcement of any section of the federal Food, Drug, and Cosmetic Act cited in this article and a civil monetary penalty is assessed against the manufacturer, the act or omission for which the penalty was assessed constitutes a violation of this article **and may result in a reprimand or civil penalty or a revocation by the commission of the license or sales certificate of the manufacturer, wholesaler, or retailer**.

(c) The commission may assess a civil penalty against a manufacturer, ~~distributor,~~ **wholesaler**, or retailer for a violation of this





1 article in an amount that does not exceed ten thousand dollars  
 2 (\$10,000). A civil penalty may be assessed in addition to other  
 3 penalties allowed under this article.

4 **(d) The commission has full authority to enforce all provisions**  
 5 **of this article, including those that require compliance with federal**  
 6 **law.**

7 SECTION 28. IC 24-3-2-2, AS AMENDED BY P.L.217-2017,  
 8 SECTION 154, IS AMENDED TO READ AS FOLLOWS  
 9 [EFFECTIVE JULY 1, 2026]: Sec. 2. Unless the context in this chapter  
 10 requires otherwise, the term:

11 (a) "Cigarette" shall mean and include any roll for smoking made  
 12 wholly or in part of tobacco, irrespective of size or shape and  
 13 irrespective of tobacco being flavored, adulterated, or mixed with any  
 14 other ingredient, where such roll has a wrapper or cover made of paper  
 15 or any other material; provided the definition in this paragraph shall not  
 16 be construed to include cigars.

17 (b) "Person" or the term "company", used in this chapter  
 18 interchangeably, means and includes any individual, assignee, receiver,  
 19 commissioner, fiduciary, trustee, executor, administrator, institution,  
 20 bank, consignee, firm, partnership, limited liability company, joint  
 21 vendor, pool, syndicate, bureau, association, cooperative association,  
 22 society, club, fraternity, sorority, lodge, corporation, municipal  
 23 corporation, or other political subdivision of the state engaged in  
 24 private or proprietary activities or business, estate, trust, or any other  
 25 group or combination acting as a unit, and the plural as well as the  
 26 singular number, unless the intention to give a more limited meaning  
 27 is disclosed by the context.

28 (c) "Distributor" shall mean and include every person who sells,  
 29 barterers, exchanges, or distributes cigarettes in the state of Indiana to  
 30 retail dealers for the purpose of resale, or who purchases for resale  
 31 cigarettes from a manufacturer of cigarettes or from a wholesaler,  
 32 jobber, or distributor outside the state of Indiana who is not a  
 33 distributor holding a registration certificate issued under the provisions  
 34 of IC 6-7-1.

35 (d) "Retailer" shall mean every person, other than a distributor, who  
 36 purchases, sells, offers for sale, or distributes cigarettes to consumers  
 37 or to any person for any purpose other than resale, irrespective of  
 38 quantity or amount or the number of sales.

39 (e) "Sell at retail", "sale at retail", and "retail sales" shall mean and  
 40 include any transfer of title to cigarettes for a valuable consideration  
 41 made in the ordinary course of trade or usual conduct of the seller's  
 42 business to the purchaser for consummation or use.



(f) "Sell at wholesale", "sale at wholesale", and "wholesale sales" shall mean and include any transfer of title to cigarettes for a valuable consideration made in the ordinary course of trade or usual conduct of a distributor's business.

(g) "Basic cost of cigarettes" shall mean the invoice cost of cigarettes to the retailer or distributor, as the case may be, or the replacement cost of cigarettes to the retailer or distributor, as the case may be, within thirty (30) days prior to the date of sale, in the quantity last purchased, whichever is the lower, less all trade discounts and customary discounts for cash, plus the cost at full face value of any stamps which may be required by IC 6-7-1, if not included by the manufacturer in his selling price to the distributor.

(h) "Department" shall mean the alcohol and tobacco commission or its duly authorized assistants and employees.

(i) "Cost to the retailer" shall mean the basic cost of cigarettes to the retailer, plus the cost of doing business by the retailer as evidenced by the standards and methods of accounting regularly employed by him in his allocation of overhead costs and expenses paid or incurred and must include without limitation labor (including salaries of executives and officers), rent, depreciation, selling costs, maintenance of equipment, delivery costs, all types of licenses, taxes, insurance, and advertising; however, any retailer who, in connection with the retailer's purchase, receives not only the discounts ordinarily allowed upon purchases by a retailer, but also, in whole or in part, discounts ordinarily allowed on purchases by a distributor shall, in determining costs to the retailer pursuant to this section, add the cost to the distributor, as defined in paragraph (j), to the basic cost of cigarettes to said retailer as well as the cost of doing business by the retailer. In the absence of proof of a lesser or higher cost of doing business:

(1) by the retailer making the sale, the cost of doing business by the retailer shall be presumed to be the following percent of the basic cost of cigarettes to the retailer:

(A) Until January 1, 2018, twelve percent (12%).

(B) During 2018, twelve and twenty-five hundredths percent (12.25%).

(C) During 2019, twelve and five tenths percent (12.5%).

(D) During 2020, twelve and seventy-five hundredths percent (12.75%).

(E) During 2021, thirteen percent (13%).

(F) During 2022, thirteen and twenty-five hundredths percent (13.25%).

(G) During 2023, thirteen and five tenths percent (13.5%).



- 1 (H) During 2024, thirteen and seventy-five hundredths percent  
 2 (13.75%).  
 3 (I) After 2024, fourteen percent (14%).  
 4 (2) by the retailer, who in connection with the retailer's purchase  
 5 receives not only the discounts ordinarily allowed upon purchases  
 6 by a retailer, but also, in whole or in part, the discounts ordinarily  
 7 allowed upon purchases by a distributor, shall be presumed to be  
 8 the following percent of the sum of the basic cost of cigarettes  
 9 plus the cost of doing business by the distributor:  
 10 (A) Until January 1, 2018, twelve percent (12%).  
 11 (B) During 2018, twelve and twenty-five hundredths percent  
 12 (12.25%).  
 13 (C) During 2019, twelve and five tenths percent (12.5%).  
 14 (D) During 2020, twelve and seventy-five hundredths percent  
 15 (12.75%).  
 16 (E) During 2021, thirteen percent (13%).  
 17 (F) During 2022, thirteen and twenty-five hundredths percent  
 18 (13.25%).  
 19 (G) During 2023, thirteen and five tenths percent (13.5%).  
 20 (H) During 2024, thirteen and seventy-five hundredths percent  
 21 (13.75%).  
 22 (I) After 2024, fourteen percent (14%).  
 23 (j) "Cost to the distributor" shall mean the basic cost of cigarettes to  
 24 the distributor, plus the cost of doing business by the distributor as  
 25 evidenced by the standards and methods of accounting regularly  
 26 employed by him in his allocation of overhead costs and expenses, paid  
 27 or incurred, and must include without limitation labor costs (including  
 28 salaries of executives and officers), rent, depreciation, selling costs,  
 29 maintenance of equipment, delivery costs, all types of licenses, taxes,  
 30 insurance, and advertising. In the absence of proof of a lesser or higher  
 31 cost of doing business by the distributor making the sale, the cost of  
 32 doing business by the wholesaler shall be presumed to be four percent  
 33 (4%) of the basic cost of cigarettes to the distributor, plus cartage to the  
 34 retail outlet, if performed or paid for by the distributor, which cartage  
 35 cost, in the absence of proof of a lesser or higher cost, shall be deemed  
 36 to be one-half of one percent (0.5%) of the basic cost of cigarettes to  
 37 the distributor.  
 38 (k) "Registration certificate" refers to the registration certificate  
 39 issued to cigarette distributors by the department of state revenue under  
 40 IC 6-7-1-16.  
 41 (l) "Buydown" means any payment or compensation given by  
 42 a cigarette manufacturer to a cigarette distributor or retailer to



1 **promote the sale of cigarettes and for which the manufacturer**  
 2 **requires that either:**

3 **(1) the distributor pass the resulting price reduction on to the**  
 4 **retailer; or**

5 **(2) the retailer pass the resulting price reduction on to the**  
 6 **consumer.**

7 SECTION 29. IC 24-3-2-9 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. (a) In determining  
 9 cost to the retailer and cost to the distributor, the court or the  
 10 department, as the case may be, shall receive and consider as bearing  
 11 on the bona fides of such cost evidence tending to show that any person  
 12 complained against under any of the provisions of this chapter  
 13 purchased cigarettes with respect to the sale of which complaint is  
 14 made at a fictitious price, or upon terms, or in such manner, or under  
 15 such invoices, as to conceal the true cost, discounts, or terms of  
 16 purchase, and shall also receive and consider as bearing on the bona  
 17 fides of such cost evidence of the normal, customary, and prevailing  
 18 terms and discounts in connection with other sales of a similar nature  
 19 in the trade area or state.

20 (b) Merchandise given gratis or payment made to a retailer or  
 21 distributor for display, or advertising, or promotion purposes, or  
 22 otherwise shall not be considered in determining the cost of cigarettes  
 23 to the retailer or distributor.

24 **(c) A buydown must be considered in determining the cost to the**  
 25 **retailer or the cost to the distributor, as applicable, provided that**  
 26 **the sum of any buydown and consideration paid by the purchaser**  
 27 **is not below the cost to the retailer or distributor.**

28 SECTION 30. IC 35-45-6-1, AS AMENDED BY P.L.186-2025,  
 29 SECTION 240, IS AMENDED TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) The definitions in this section  
 31 apply throughout this chapter.

32 (b) "Documentary material" means any document, drawing,  
 33 photograph, recording, or other tangible item containing compiled data  
 34 from which information can be either obtained or translated into a  
 35 usable form.

36 (c) "Enterprise" means:

37 (1) a sole proprietorship, corporation, limited liability company,  
 38 partnership, business trust, or governmental entity; or

39 (2) a union, an association, or a group, whether a legal entity or  
 40 merely associated in fact.

41 (d) "Pattern of racketeering activity" means engaging in at least two  
 42 (2) incidents of racketeering activity that have the same or similar



1 intent, result, accomplice, victim, or method of commission, or that are  
 2 otherwise interrelated by distinguishing characteristics that are not  
 3 isolated incidents. However, the incidents are a pattern of racketeering  
 4 activity only if at least one (1) of the incidents occurred after August  
 5 31, 1980, and if the last of the incidents occurred within five (5) years  
 6 after a prior incident of racketeering activity.

7 (e) "Racketeering activity" means to commit, to attempt to commit,  
 8 to conspire to commit a violation of, or aiding and abetting in a  
 9 violation of any of the following:

- 10 (1) A provision of IC 23-19, or of a rule or order issued under
- 11 IC 23-19.
- 12 (2) A violation of IC 35-45-9.
- 13 (3) A violation of IC 35-47.
- 14 (4) A violation of IC 35-49-3.
- 15 (5) Murder (IC 35-42-1-1).
- 16 (6) Battery as a Class C felony before July 1, 2014, or a Level 5
- 17 felony after June 30, 2014 (IC 35-42-2-1).
- 18 (7) Kidnapping (IC 35-42-3-2).
- 19 (8) Human and sexual trafficking crimes (IC 35-42-3.5).
- 20 (9) Child exploitation (IC 35-42-4-4).
- 21 (10) Robbery (IC 35-42-5-1).
- 22 (11) Carjacking (IC 35-42-5-2) (before its repeal).
- 23 (12) Arson (IC 35-43-1-1).
- 24 (13) Burglary (IC 35-43-2-1).
- 25 (14) Theft (IC 35-43-4-2).
- 26 (15) Receiving stolen property (IC 35-43-4-2) (before its
- 27 amendment on July 1, 2018).
- 28 (16) Forgery (IC 35-43-5-2).
- 29 (17) An offense under IC 35-43-5.
- 30 (18) Bribery (IC 35-44.1-1-2).
- 31 (19) Official misconduct (IC 35-44.1-1-1).
- 32 (20) Conflict of interest (IC 35-44.1-1-4).
- 33 (21) Perjury (IC 35-44.1-2-1).
- 34 (22) Obstruction of justice (IC 35-44.1-2-2).
- 35 (23) Intimidation (IC 35-45-2-1).
- 36 (24) Promoting prostitution (IC 35-45-4-4).
- 37 (25) Professional gambling (IC 35-45-5-3).
- 38 (26) Maintaining a professional gambling site
- 39 (IC 35-45-5-3.5(b)).
- 40 (27) Promoting professional gambling (IC 35-45-5-4).
- 41 (28) Dealing in or manufacturing cocaine or a narcotic drug
- 42 (IC 35-48-4-1).



- 1 (29) Dealing in methamphetamine (IC 35-48-4-1.1).
- 2 (30) Manufacturing methamphetamine (IC 35-48-4-1.2).
- 3 (31) Dealing in a schedule I, II, or III controlled substance
- 4 (IC 35-48-4-2).
- 5 (32) Dealing in a schedule IV controlled substance
- 6 (IC 35-48-4-3).
- 7 (33) Dealing in a schedule V controlled substance (IC 35-48-4-4).
- 8 (34) Dealing in marijuana, hash oil, hashish, or salvia
- 9 (IC 35-48-4-10).
- 10 (35) Money laundering (IC 35-45-15-5).
- 11 (36) A violation of IC 35-47.5-5.
- 12 (37) A violation of any of the following:
- 13 (A) IC 23-14-48-9.
- 14 (B) IC 30-2-9-7(b).
- 15 (C) IC 30-2-10-9(b).
- 16 (D) IC 30-2-13-38(f).
- 17 (38) Practice of law by a person who is not an attorney
- 18 (IC 33-43-2-1).
- 19 (39) An offense listed in IC 35-48-4 involving the manufacture or
- 20 sale of a synthetic drug (as defined in IC 35-31.5-2-321), a
- 21 synthetic drug lookalike substance (as defined in
- 22 IC 35-31.5-2-321.5 (before its repeal on July 1, 2019)) under
- 23 IC 35-48-4-10.5 (before its repeal on July 1, 2019), a controlled
- 24 substance analog (as defined in IC 35-48-1.1-8), or a substance
- 25 represented to be a controlled substance (as described in
- 26 IC 35-48-4-4.6).
- 27 (40) Dealing in a controlled substance resulting in death
- 28 (IC 35-42-1-1.5).
- 29 (41) Organized retail theft (IC 35-43-4-2.2).
- 30 **(42) Sale of alcohol without a permit (IC 7.1-5-10-5).**
- 31 SECTION 31. IC 35-46-1-10.2, AS AMENDED BY P.L.163-2025,
- 32 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 33 JULY 1, 2026]: Sec. 10.2. (a) A person may not be charged with a
- 34 violation under this section and a violation under IC 7.1-7-6-5.
- 35 (b) A retail establishment that sells or distributes a tobacco product
- 36 to a person less than twenty-one (21) years of age commits a Class C
- 37 infraction. For a sale to take place under this section, the buyer must
- 38 pay the retail establishment for the tobacco product.
- 39 (c) Notwithstanding IC 34-28-5-4(c), a civil judgment for an
- 40 infraction committed under this section must be imposed as follows:
- 41 (1) If the retail establishment at that specific business location has
- 42 not been issued a citation or summons for a violation of this



section in the previous one (1) year, a civil penalty of up to four hundred dollars (\$400).

(2) If the retail establishment at that specific business location has had one (1) citation or summons issued for a violation of this section in the previous one (1) year, a civil penalty of up to eight hundred dollars (\$800).

(3) If the retail establishment at that specific business location has had two (2) citations or summonses issued for a violation of this section in the previous one (1) year, a civil penalty of up to one thousand four hundred dollars (\$1,400).

(4) If the retail establishment at that specific business location has had three (3) or more citations or summonses issued for a violation of this section in the previous one (1) year, a civil penalty of up to two thousand dollars (\$2,000).

A retail establishment may not be issued a citation or summons for a violation of this section more than once every twenty-four (24) hours for each specific business location.

(d) It is not a defense that the person to whom the tobacco product was sold or distributed did not smoke, chew, inhale, or otherwise consume the tobacco product.

(e) The following defenses are available to a retail establishment accused of selling or distributing a tobacco product to a person who is less than twenty-one (21) years of age:

(1) The buyer or recipient produced a driver's license bearing the purchaser's or recipient's photograph showing that the purchaser or recipient was of legal age to make the purchase.

(2) The buyer or recipient produced a photographic identification card issued under IC 9-24-16-1 or a similar card issued under the laws of another state or the federal government showing that the purchaser or recipient was of legal age to make the purchase.

(3) The appearance of the purchaser or recipient was such that an ordinary prudent person would believe that the purchaser or recipient was not less than thirty (30) years of age.

(f) It is a defense that the accused retail establishment sold or delivered the tobacco product to a person who acted in the ordinary course of employment or a business concerning tobacco products for the following activities:

(1) Agriculture.

(2) Processing.

(3) Transporting.

(4) Wholesaling.

(5) Retailing.



(g) As used in this section, "distribute" means to give a tobacco product to another person as a means of promoting, advertising, or marketing the tobacco product to the general public.

(h) Unless a person buys or receives a tobacco product under the direction of a law enforcement officer as part of an enforcement action, a retail establishment that sells or distributes a tobacco product is not liable for a violation of this section unless the person less than twenty-one (21) years of age who bought or received the tobacco product is issued a citation or summons under section 10.5 of this chapter.

(i) Notwithstanding IC 34-28-5-5(c), civil penalties collected under this section must be deposited in the Richard D. Doyle tobacco education and enforcement fund (IC 7.1-6-2-6).

(j) A person who violates subsection (b) at least ~~six (6)~~ **three (3)** times in any one (1) year commits habitual illegal sale of tobacco, a Class B infraction.

SECTION 32. IC 35-46-1-11.7, AS AMENDED BY P.L.163-2025, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11.7. (a) A retail establishment in which tobacco products account for at least eighty-five percent (85%) of the retail establishment's gross sales may not allow an individual who is less than twenty-one (21) years of age to enter the retail establishment.

(b) An individual who is less than twenty-one (21) years of age may not enter a retail establishment described in subsection (a).

(c) A retail establishment described in subsection (a) must conspicuously post on all entrances to the retail establishment the following:

(1) A sign in boldface type that states "NOTICE: It is unlawful for a person less than 21 years old to enter this store."

(2) A sign printed in letters and numbers at least one-half (1/2) inch high that displays a toll free phone number for assistance to callers in quitting smoking, as determined by the Indiana department of health.

(d) A person who violates this section commits a Class C infraction. Notwithstanding IC 34-28-5-4(c), a civil judgment for an infraction committed under this section must be imposed as follows:

(1) If the person has not been cited for a violation of this section in the previous one (1) year, a civil penalty of up to four hundred dollars (\$400).

(2) If the person has had one (1) violation in the previous one (1) year, a civil penalty of up to eight hundred dollars (\$800).

(3) If the person has had two (2) violations in the previous one (1)





1 year, a civil penalty of up to one thousand four hundred dollars  
2 (\$1,400).

3 (4) If the person has had three (3) or more violations in the  
4 previous one (1) year, a civil penalty of up to two thousand dollars  
5 (\$2,000).

6 A person may not be cited more than once every twenty-four (24)  
7 hours.

8 (e) Notwithstanding IC 34-28-5-5(c), civil penalties collected under  
9 this section must be deposited in the Richard D. Doyle tobacco  
10 education and enforcement fund established under IC 7.1-6-2-6.

11 (f) A person who violates subsection (a) at least ~~six (6)~~ **three (3)**  
12 times in any one (1) year period commits habitual illegal entrance by  
13 a minor, a Class B infraction.

14 SECTION 33. IC 35-46-6-3, AS AMENDED BY P.L.163-2025,  
15 SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2026]: Sec. 3. (a) A person who knowingly or intentionally  
17 uses or distributes nitrous oxide with intent to cause a condition of  
18 intoxication, euphoria, excitement, exhilaration, stupefaction, or  
19 dulling of the senses of another person, unless the nitrous oxide is to be  
20 used for medical purposes, commits a Class B misdemeanor. However,  
21 the offense is a Class A misdemeanor if the person has a prior  
22 unrelated conviction under this section.

23 (b) Except as provided in subsection (c), a person who knowingly  
24 or intentionally sells, uses, or distributes flavored nitrous oxide  
25 commits a Class B misdemeanor. However, the offense is a Class A  
26 misdemeanor if the person has a prior unrelated conviction under this  
27 section.

28 (c) The prohibition on the sale, **use, or distribution** of flavored  
29 nitrous oxide in subsection (b) does not apply to:

30 (1) a retail or wholesale restaurant supply company that sells or  
31 distributes flavored nitrous oxide to a person for use in food and  
32 beverage preparation or other culinary purposes; ~~or~~

33 (2) a person that uses flavored nitrous oxide in food and beverage  
34 recipes or for other legitimate culinary purposes; **or**

35 **(3) a law enforcement agency that is disposing of flavored**  
36 **nitrous oxide by donation to a nonprofit organization.**



## COMMITTEE REPORT

Mr. President: The Senate Committee on Public Policy, to which was referred Senate Bill No. 185, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 7.1-3-3-5, AS AMENDED BY P.L.163-2025, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The holder of a beer wholesaler's permit may purchase and import from the primary source of supply, possess, and sell at wholesale, beer and flavored malt beverages manufactured within or without this state.

(b) A beer wholesaler permittee may possess, transport, sell, and deliver beer to:

- (1) another beer wholesaler authorized by the brewer to sell the brand purchased;
- (2) an employee; ~~and~~
- (3) a holder of a beer retailer's permit, beer dealer's permit, temporary beer permit, dining car permit, boat permit, airplane permit, or supplemental caterer's permit; **and**
- (4) a food manufacturer that is registered with the federal Food and Drug Administration, for the purpose of adding or integrating the beer into a product or recipe;**

located within this state. The sale, transportation, and delivery of beer shall be made only from inventory that has been located on the wholesaler's premises before the time of invoicing and delivery.

(c) The beer wholesaler's bona fide regular employees may purchase beer from the wholesaler in:

- (1) bottles, cans, or any other type of permissible containers in an amount not to exceed forty-eight (48) pints; or
- (2) one (1) keg;

at any one (1) time.

(d) The importation, transportation, possession, sale, and delivery of beer shall be subject to the rules of the commission and subject to the same restrictions provided in this title for a person holding a brewer's permit.

(e) The holder of a beer wholesaler's permit may purchase, import, possess, transport, sell, and deliver any commodity listed in IC 7.1-3-10-5, unless prohibited by this title. However, a beer wholesaler may deliver flavored malt beverages only to the holder of



one (1) of the following permits:

(1) A beer wholesaler or wine wholesaler permit, if the wholesaler is authorized by the primary source of supply to sell the brand of flavored malt beverage purchased.

(2) A wine retailer's permit, wine dealer's permit, temporary wine permit, dining car wine permit, boat permit, airplane permit, or supplemental caterer's permit.

(f) A beer wholesaler may:

(1) store beer for an out-of-state brewer described in IC 7.1-3-2-9 and deliver the stored beer to another beer wholesaler that the out-of-state brewer authorizes to sell the beer;

(2) perform all necessary accounting and auditing functions associated with the services described in subdivision (1); and

(3) receive a fee from an out-of-state brewer for the services described in subdivisions (1) through (2).

(g) A beer wholesaler may sell, donate, transport, and deliver beer to a qualified organization for:

(1) an allowable event under IC 7.1-3-6.1;

(2) a charity auction under IC 7.1-3-6.2; or

(3) an event under IC 7.1-3-6.3;

located within this state. The sale, donation to a qualified organization, transportation, and delivery of beer shall be made only from inventory that has been located on the wholesaler's premises before the time of invoicing and delivery."

Page 1, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 2. IC 7.1-3-18.5-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. (a) A person may not sell tobacco products or electronic cigarettes at wholesale or participate in the wholesale distribution of tobacco products or electronic cigarettes without a valid wholesale tobacco sales certificate issued by the commission.**

**(b) The commission may only issue a wholesale tobacco sales certificate to a person who owns or operates at a premises consisting of a permanent building or structure that is used for the wholesale distribution of tobacco products or electronic cigarettes."**

Page 5, delete lines 38 through 42, begin a new paragraph and insert:

"SECTION 8. IC 7.1-7-1-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) An e-liquid product manufactured,**



distributed, or sold in Indiana must adhere to all applicable rules and regulations of the federal Food and Drug Administration, including those rules and regulations regarding product safety, labeling, and manufacturing standards.

(b) Except as otherwise provided in this article, this article does not require a product subject to this article to be specifically approved by the federal Food and Drug Administration if the product satisfies all applicable rules and regulations.

(c) If a product subject to this article is approved by the federal Food and Drug Administration, the approval constitutes prima facie evidence of compliance with this article.

SECTION 9. IC 7.1-7-1-1, AS AMENDED BY P.L.206-2017, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) Except as provided in subsection (b), this article applies to the following:

- (1) The commercial manufacturing, bottling, selling, bartering, or importing of e-liquid in Indiana.
- (2) The sale, possession, and use of e-liquid products in Indiana, **including through a cigarette vending machine.**

(b) This article ~~does not apply~~ **applies** to a ~~manufacturer~~ **manufacturers** of a ~~both closed and open system vapor product;~~ **both closed and open system vapor product;** ~~except as specifically provided in this article;~~ **devices manufactured or sold in Indiana.**

SECTION 10. IC 7.1-7-1-2, AS AMENDED BY P.L.206-2017, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. The purpose of this article is to protect public health and safety by:

- (1) ensuring the safety and security of e-liquid manufactured for sale in Indiana;
- (2) ensuring that e-liquid manufactured or sold in Indiana conforms to appropriate standards of identity, strength, quality, and purity; ~~and~~
- (3) ensuring that e-liquid is not contaminated or adulterated by the inclusion of ingredients or other substances that might pose unreasonable threats to public health and safety; ~~and~~
- (4) ensuring dangerous foreign adversary products are not sold or distributed in Indiana.**

SECTION 11. IC 7.1-7-2-8 IS REPEALED [EFFECTIVE JULY 1, 2026]. Sec. 8. ~~"Distributor" means a person who is licensed under IC 6-7-2-8 that:~~

- ~~(1) distributes, sells, barter, or exchanges e-liquid in Indiana to retail dealers for the purpose of resale; or~~



(2) purchases e-liquid directly from a manufacturer for the purpose of resale;

SECTION 12. IC 7.1-7-2-10, AS AMENDED BY P.L.206-2017, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. "E-liquid" means a substance that:

- (1) may or may not contain nicotine; and
- (2) is intended to be vaporized and inhaled using a vapor ~~product~~ device.

SECTION 13. IC 7.1-7-2-12, AS AMENDED BY P.L.206-2017, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. "Flavoring" means a food grade additive or synthetic flavoring substance that is used to add flavor and that is not prohibited by the federal Food and Drug Administration as an additive in vapor ~~products~~ devices.

SECTION 13. IC 7.1-7-2-12.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 12.3. "Foreign adversary" means an individual, business entity, or other entity located in or organized under the laws of a nation governed by a foreign government listed in 15 CFR 791.4.**

SECTION 14. IC 7.1-7-2-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 12.5. "Foreign adversary product" means:**

- (1) an e-liquid; or
- (2) an e-liquid containing an ingredient;

**that is manufactured, sourced, or otherwise imported from a nation governed by a foreign government listed in 15 CFR 791.4.**

SECTION 15. IC 7.1-7-2-15, AS AMENDED BY P.L.206-2017, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 15. "Manufacturer" means a person located inside or outside Indiana that is engaged in manufacturing e-liquid **for closed and open system vapor devices.**

SECTION 16. IC 7.1-7-2-15.5 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 15.5. "Manufacturer of a closed system vapor product" means a manufacturer of vapor products whose closed system vapor products are for sale in Indiana; but that does not produce open system vapor products that are for sale in Indiana.~~

SECTION 17. IC 7.1-7-2-23, AS AMENDED BY P.L.206-2017, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 23. "Vapor ~~product~~ device" means a powered vaporizer that converts e-liquid to a vapor intended for inhalation. **The**



**term includes both open and closed system vapor devices.**

SECTION 18. IC 7.1-7-2-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 24. "Wholesaler" means a person who has obtained or is required to obtain a wholesale tobacco sales certificate under IC 7.1-3-18.5-1.5 that:**

- (1) distributes, sells, barter, or exchanges e-liquid in Indiana to retail dealers for the purpose of resale; or**
- (2) purchases e-liquid directly from a manufacturer for the purpose of resale to resellers.**

SECTION 19. IC 7.1-7-3-2, AS AMENDED BY P.L.206-2017, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.** The commission has the following duties and responsibilities:

- (1) To require the submission of information necessary to implement this article.
- (2) To issue permits.
- (3) To charge fees as set forth in this article. ~~The fees charged under this subdivision may not exceed the actual costs incurred by the commission.~~
- (4) To approve or deny a permit application made under IC 7.1-7-4 within sixty (60) days of receiving the application.

SECTION 20. IC 7.1-7-4-1, AS AMENDED BY P.L.49-2020, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1. (a) Not later than January 1, 2027, a manufacturer of an e-liquid product that is manufactured or sold in Indiana must obtain a permit under this section.**

~~(a)~~ **(b)** A manufacturer of e-liquid may not mix, bottle, package, or sell e-liquid to retailers, consumers, or ~~distributors~~ **wholesalers** in Indiana without a permit issued by the commission under this article.

~~(b)~~ **An e-liquid manufactured by an e-liquids manufacturer approved by the commission under this article before July 1, 2017, may be distributed and sold for retail until the expiration date of the e-liquid:**

~~(c)~~ **(c)** A manufacturing permit issued by the commission **before July 1, 2026**, is valid for five (5) years. **A manufacturing permit issued by the commission after June 30, 2026, is valid for two (2) years.** ~~A manufacturing permit issued by the commission under this article before July 1, 2017, does not expire before July 1, 2020.~~

~~(d)~~ **(d)** An initial application for a manufacturing permit must include the following:

- (1) The name, telephone number, and address of the applicant.**



(2) The name, telephone number, and address of the manufacturing facility.

(3) The name, telephone number, title, and address of the person responsible for the manufacturing facility.

(4) Verification that the facility will comply with applicable tobacco products good manufacturing practices promulgated under 21 U.S.C. 387f(e) of the federal Food, Drug, and Cosmetic Act.

(5) Verification that the manufacturer will comply with the applicable ingredient listing required by 21 U.S.C. 387d(a)(1) of the federal Food, Drug, and Cosmetic Act.

(6) Written consent allowing the state police department to conduct a state or national criminal history background check on any person listed on the application.

(7) A nonrefundable initial application fee of ~~one thousand dollars (\$1,000)~~ **three thousand dollars (\$3,000)**.

**(8) Verification that the manufacturer will comply with all other state and federal laws related to e-liquids.**

**(9) An affirmation, made under the penalties for perjury, that the manufacturer will not use any ingredients or e-liquids in the manufacturer's manufacturing process that originate in a nation governed by a foreign government listed in 15 CFR 791.4.**

(e) The fees collected under subsection (d)(7) shall be deposited in the enforcement and administration fund established under IC 7.1-4-10.

**(f) Except as otherwise provided in this article, an applicant for a permit under this section must adhere to all state and federal laws applicable to e-liquids, including rules and regulations promulgated by the federal Food and Drug Administration.**

SECTION 21. IC 7.1-7-4-2, AS AMENDED BY P.L.206-2017, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) A manufacturing permit that is renewed by the commission **before July 1, 2026**, is valid for five (5) years. **A manufacturing permit that is renewed by the commission after June 30, 2026, is valid for two (2) years.**

(b) A renewal application for a manufacturing permit must include the following:

(1) The name, telephone number, and address of the applicant.

(2) The name, telephone number, and address of the manufacturing facility.

(3) The name, telephone number, title, and address of the person responsible for the manufacturing facility.



(4) Verification that the facility complies with all tobacco products good manufacturing practices:

(A) set forth in; and

(B) promulgated in federal rules under;

21 U.S.C. 387f through 21 U.S.C. 387u of the federal Food, Drug, and Cosmetic Act.

(5) Written consent allowing the state police department to conduct a state or national criminal history background check on any person listed on the application.

(6) A nonrefundable renewal application fee of ~~five hundred dollars (\$500)~~ **one thousand dollars (\$1,000)**.

**(7) Verification that the manufacturer will comply with all other state and federal laws related to e-liquids.**

**(8) An affirmation, made under the penalties for perjury, that the manufacturer will not use any ingredients or e-liquids in the manufacturer's manufacturing process that originate in a nation governed by a foreign government listed in 15 CFR 791.4.**

(c) The fees collected under subsection (b)(6) shall be deposited in the enforcement and administration fund established under IC 7.1-4-10.

SECTION 22. IC 7.1-7-4-6, AS AMENDED BY P.L.17-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) As used in this section:

(1) "adulterated" means a product that:

(A) consists in whole or in part of any filthy, putrid, or decomposed substance; ~~or~~

(B) is contaminated by any added poisonous or added deleterious substance that may render the product injurious to health; ~~and or~~

**(C) is a foreign adversary product (as defined in IC 7.1-7-2-12.5); and**

(2) "tamper evident package" means a package having at least one (1) indicator or barrier to entry that, if breached or missing, can reasonably be expected to provide visible evidence to consumers that tampering has occurred.

(b) A manufacturing facility shall comply with the following requirements:

(1) An e-liquid container must use a child proof cap that has the child resistant effectiveness set forth in the federal poison prevention packaging standards, 16 CFR 1700.15(b)(1).

(2) An e-liquid container must use a tamper evident package. The tamper evident package feature must be designed to and remain





intact when handled in a reasonable manner during the manufacture, distribution, and retail display of the e-liquid container.

(3) The label on an e-liquid container must meet the nicotine addictiveness warning statement requirements set forth in 21 CFR 1143.3.

(4) The manufacturer, **wholesaler**, or retailer may not add an adulterated product to any e-liquid produced for sale in Indiana.

(5) The manufacturer must submit to random site visits by the commission.

(6) The manufacturer may:

(A) own and control both the e-liquid manufacturing process and the bottling process; or

(B) subcontract with another manufacturer for the performance of the e-liquid manufacturing service, the bottling services, or both services.

However, both the manufacturer performing a service under clause (B) and the manufacturer for which the service is performed must meet the requirements of this article, **including obtaining a permit. A manufacturer may not be located in or source any ingredient or substance used in an e-liquid product from a nation governed by a foreign government listed in 15 CFR 791.4.**

(7) A manufacturer may use a flavoring, as defined by IC 7.1-7-2-12, as an ingredient in an e-liquid.

(8) The manufacturer or any person listed on the permit application may not have been convicted within ten (10) years before the date of application of:

(A) a federal crime having a sentence of at least one (1) year;

(B) an Indiana Class A, Class B, or Class C felony (for a crime committed before July 1, 2014) or a Level 1, Level 2, Level 3, Level 4, or Level 5 felony (for a crime committed after June 30, 2014);

(C) a crime in a state other than Indiana having a penalty equal to the penalty for an Indiana Class A, Class B, or Class C felony (for a crime committed before July 1, 2014) or a Level 1, Level 2, Level 3, Level 4, or Level 5 felony (for a crime committed after June 30, 2014);

(D) an Indiana Class D felony involving a controlled substance under IC 35-48-4 (for a crime committed before July 1, 2014) or a Level 6 felony involving a controlled substance under IC 35-48-4 (for a crime committed after June 30, 2014); or



(E) a crime in a state other than Indiana similar to a Class D felony involving a controlled substance under IC 35-48-4 (for a crime committed before July 1, 2014) or a Level 6 felony involving a controlled substance under IC 35-48-4 (for a crime committed after June 30, 2014).

SECTION 23. IC 7.1-7-4-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 8. (a) This section does not apply to:**

**(1) a vapor device (as defined in IC 7.1-7-2-23), including:**

**(A) a part to be utilized in an open or closed system to convert e-liquid to a vapor for inhalation; or**

**(B) an e-liquid product that includes a vapor device sourced from or manufactured by a foreign adversary; and**

**(2) an e-liquid product that is manufactured by or sourced from a foreign adversary, if the e-liquid product has been specifically approved for distribution and sale in the United States by the federal Food and Drug Administration.**

**(b) A manufacturer of e-liquid that is permitted or required to be permitted under this chapter may not manufacture or source a foreign adversary product.**

**(c) A retailer that holds or is required to hold a tobacco sales certificate under IC 7.1-3-18.5-1 may not possess, sell, or otherwise distribute a foreign adversary product.**

**(d) A wholesaler that holds or is required to hold a wholesale tobacco sales certificate under IC 7.1-3-18.5-1.5 may not possess, sell, or otherwise distribute a foreign adversary product.**

SECTION 24. IC 7.1-7-5-1.1, AS AMENDED BY P.L.220-2023, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1.1. (a) A retailer must have a valid sales certificate issued by the commission in accordance with IC 7.1-3-18.5-1 that contains a separate box to check for identifying a retailer that sells e-liquids.**

**(b) A retailer may purchase e-liquid only from an Indiana e-liquid manufacturing permit holder or an Indiana ~~distributor~~ wholesaler permit holder.**

**(c) A retailer shall retain all invoices for e-liquid that the retailer purchases for two (2) years.**

**(d) A retailer shall not allow the self-service sale for individuals purchasing an e-liquid.**

**(e) A retailer may not sell an e-liquid that contains more than seventy-five (75) milligrams per milliliter of nicotine.**

**(f) A manufacturer must have an e-liquid manufacturing permit**



issued under IC 7.1-7-4.

(g) A ~~distributor~~ **wholesaler** that does not have a valid e-liquid manufacturing permit issued under IC 7.1-7-4 must have a valid ~~distributor's license~~ **wholesale tobacco sales certificate** issued under ~~IC 6-7-2-8~~ **IC 7.1-3-18.5-1.5**.

(h) A ~~distributor~~ **wholesaler** shall purchase and distribute e-liquid from an:

- (1) Indiana e-liquid manufacturer that has a valid e-liquid manufacturing permit under IC 7.1-7-4; or
- (2) Indiana e-liquid ~~distributor~~ **wholesaler** that has a valid:
  - (A) e-liquid manufacturing permit issued under IC 7.1-7-4; or
  - (B) ~~distributor's license~~ **wholesale tobacco sales certificate** under ~~IC 6-7-2-8~~ **IC 7.1-3-18.5-1.5**.

(i) A ~~distributor~~ **wholesaler** shall retain all invoices to a retailer or from a manufacturer for at least two (2) years.

(j) A manufacturer, ~~distributor~~, **wholesaler**, or retailer may not market e-liquid as a modified risk tobacco product, as defined by IC 7.1-7-2-17.5, that has not been designated as a modified risk tobacco product by the federal Food and Drug Administration.

(k) Except as provided in subsection (m), a manufacturer ~~including a manufacturer of a closed system vapor product~~, **permitted or required to be permitted under IC 7.1-7-4** shall annually submit a report to the commission setting forth:

- (1) each new product that the manufacturer is producing and is sold in Indiana with a list of the contents and ingredients by volume; and
- (2) whether the manufacturer has stopped producing products previously produced and sold in Indiana.

A report under this subsection is confidential, and the commission may not disclose it to another person.

(l) A manufacturer **permitted or required to be permitted under IC 7.1-7-4** shall annually submit a report to the commission setting forth:

- (1) the milligrams per milliliter of nicotine in each product the manufacturer produces; and
- (2) the milliliters of each product sold that current year.

A report under this subsection is confidential, and the ATC may not disclose it to another person.

(m) A manufacturer is not required to submit a report described in subsection (k) if the manufacturer submits to the commission a certification, by October 1 of each year, that each of the manufacturer's vapor ~~products~~ **devices** sold in Indiana has been filed with the federal



Food and Drug Administration.

SECTION 25. IC 7.1-7-5-2, AS ADDED BY P.L.176-2015, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) A manufacturer of e-liquid may file a request with the **Indiana** department **of health** for approval of an ingredient to be allowed in the composition of e-liquid.

(b) The **Indiana** department **of health** may approve the request filed under subsection (a) if the department determines that the ingredient will not pose an unreasonable threat to public health and safety.

SECTION 26. IC 7.1-7-6-1, AS AMENDED BY P.L.206-2017, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) If a manufacturer, ~~distributor~~, **wholesaler**, or retailer violates **any provision of** this article, the manufacturer, ~~distributor~~, **wholesaler**, or retailer may be reprimanded, assessed a civil penalty, or have the manufacturer's permit, ~~distributor's license~~, **wholesaler's tobacco sales certificate**, or retailer's tobacco sales certificate suspended **by the commission**.

(b) Any provision in this article that requires a manufacturer, **wholesaler, or retailer** to comply with the federal Food, Drug, and Cosmetic Act or a federal rule promulgated under the federal Food, Drug, and Cosmetic Act is under the ~~sole~~ **dual** jurisdiction of the federal Food and Drug Administration **and the commission and may be enforced through action by the federal Food and Drug Administration and the commission**. If the federal Food and Drug Administration seeks court enforcement of any section of the federal Food, Drug, and Cosmetic Act cited in this article and a civil monetary penalty is assessed against the manufacturer, the act or omission for which the penalty was assessed constitutes a violation of this article **and may result in a reprimand or civil penalty or a revocation by the commission of the license or sales certificate of the manufacturer, wholesaler, or retailer**.

(c) The commission may assess a civil penalty against a manufacturer, ~~distributor~~, **wholesaler**, or retailer for a violation of this article in an amount that does not exceed ten thousand dollars (\$10,000). A civil penalty may be assessed in addition to other penalties allowed under this article.

**(d) The commission has full authority to enforce all provisions of this article, including those that require compliance with federal law.**

SECTION 27. IC 24-3-2-2, AS AMENDED BY P.L.217-2017, SECTION 154, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. Unless the context in this chapter



requires otherwise, the term:

(a) "Cigarette" shall mean and include any roll for smoking made wholly or in part of tobacco, irrespective of size or shape and irrespective of tobacco being flavored, adulterated, or mixed with any other ingredient, where such roll has a wrapper or cover made of paper or any other material; provided the definition in this paragraph shall not be construed to include cigars.

(b) "Person" or the term "company", used in this chapter interchangeably, means and includes any individual, assignee, receiver, commissioner, fiduciary, trustee, executor, administrator, institution, bank, consignee, firm, partnership, limited liability company, joint vendor, pool, syndicate, bureau, association, cooperative association, society, club, fraternity, sorority, lodge, corporation, municipal corporation, or other political subdivision of the state engaged in private or proprietary activities or business, estate, trust, or any other group or combination acting as a unit, and the plural as well as the singular number, unless the intention to give a more limited meaning is disclosed by the context.

(c) "Distributor" shall mean and include every person who sells, barter, exchanges, or distributes cigarettes in the state of Indiana to retail dealers for the purpose of resale, or who purchases for resale cigarettes from a manufacturer of cigarettes or from a wholesaler, jobber, or distributor outside the state of Indiana who is not a distributor holding a registration certificate issued under the provisions of IC 6-7-1.

(d) "Retailer" shall mean every person, other than a distributor, who purchases, sells, offers for sale, or distributes cigarettes to consumers or to any person for any purpose other than resale, irrespective of quantity or amount or the number of sales.

(e) "Sell at retail", "sale at retail", and "retail sales" shall mean and include any transfer of title to cigarettes for a valuable consideration made in the ordinary course of trade or usual conduct of the seller's business to the purchaser for consummation or use.

(f) "Sell at wholesale", "sale at wholesale", and "wholesale sales" shall mean and include any transfer of title to cigarettes for a valuable consideration made in the ordinary course of trade or usual conduct of a distributor's business.

(g) "Basic cost of cigarettes" shall mean the invoice cost of cigarettes to the retailer or distributor, as the case may be, or the replacement cost of cigarettes to the retailer or distributor, as the case may be, within thirty (30) days prior to the date of sale, in the quantity last purchased, whichever is the lower, less all trade discounts and



customary discounts for cash, plus the cost at full face value of any stamps which may be required by IC 6-7-1, if not included by the manufacturer in his selling price to the distributor.

(h) "Department" shall mean the alcohol and tobacco commission or its duly authorized assistants and employees.

(i) "Cost to the retailer" shall mean the basic cost of cigarettes to the retailer, plus the cost of doing business by the retailer as evidenced by the standards and methods of accounting regularly employed by him in his allocation of overhead costs and expenses paid or incurred and must include without limitation labor (including salaries of executives and officers), rent, depreciation, selling costs, maintenance of equipment, delivery costs, all types of licenses, taxes, insurance, and advertising; however, any retailer who, in connection with the retailer's purchase, receives not only the discounts ordinarily allowed upon purchases by a retailer, but also, in whole or in part, discounts ordinarily allowed on purchases by a distributor shall, in determining costs to the retailer pursuant to this section, add the cost to the distributor, as defined in paragraph (j), to the basic cost of cigarettes to said retailer as well as the cost of doing business by the retailer. In the absence of proof of a lesser or higher cost of doing business:

(1) by the retailer making the sale, the cost of doing business by the retailer shall be presumed to be the following percent of the basic cost of cigarettes to the retailer:

(A) Until January 1, 2018, twelve percent (12%).

(B) During 2018, twelve and twenty-five hundredths percent (12.25%).

(C) During 2019, twelve and five tenths percent (12.5%).

(D) During 2020, twelve and seventy-five hundredths percent (12.75%).

(E) During 2021, thirteen percent (13%).

(F) During 2022, thirteen and twenty-five hundredths percent (13.25%).

(G) During 2023, thirteen and five tenths percent (13.5%).

(H) During 2024, thirteen and seventy-five hundredths percent (13.75%).

(I) After 2024, fourteen percent (14%).

(2) by the retailer, who in connection with the retailer's purchase receives not only the discounts ordinarily allowed upon purchases by a retailer, but also, in whole or in part, the discounts ordinarily allowed upon purchases by a distributor, shall be presumed to be the following percent of the sum of the basic cost of cigarettes plus the cost of doing business by the distributor:



- (A) Until January 1, 2018, twelve percent (12%).
- (B) During 2018, twelve and twenty-five hundredths percent (12.25%).
- (C) During 2019, twelve and five tenths percent (12.5%).
- (D) During 2020, twelve and seventy-five hundredths percent (12.75%).
- (E) During 2021, thirteen percent (13%).
- (F) During 2022, thirteen and twenty-five hundredths percent (13.25%).
- (G) During 2023, thirteen and five tenths percent (13.5%).
- (H) During 2024, thirteen and seventy-five hundredths percent (13.75%).
- (I) After 2024, fourteen percent (14%).

(j) "Cost to the distributor" shall mean the basic cost of cigarettes to the distributor, plus the cost of doing business by the distributor as evidenced by the standards and methods of accounting regularly employed by him in his allocation of overhead costs and expenses, paid or incurred, and must include without limitation labor costs (including salaries of executives and officers), rent, depreciation, selling costs, maintenance of equipment, delivery costs, all types of licenses, taxes, insurance, and advertising. In the absence of proof of a lesser or higher cost of doing business by the distributor making the sale, the cost of doing business by the wholesaler shall be presumed to be four percent (4%) of the basic cost of cigarettes to the distributor, plus cartage to the retail outlet, if performed or paid for by the distributor, which cartage cost, in the absence of proof of a lesser or higher cost, shall be deemed to be one-half of one percent (0.5%) of the basic cost of cigarettes to the distributor.

(k) "Registration certificate" refers to the registration certificate issued to cigarette distributors by the department of state revenue under IC 6-7-1-16.

**(l) "Buydown" means any payment or compensation given by a cigarette manufacturer to a cigarette distributor or retailer to promote the sale of cigarettes and for which the manufacturer requires that either:**

- (1) the distributor pass the resulting price reduction on to the retailer; or**
- (2) the retailer pass the resulting price reduction on to the consumer.**

SECTION 28. IC 24-3-2-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. (a) In determining cost to the retailer and cost to the distributor, the court or the



department, as the case may be, shall receive and consider as bearing on the bona fides of such cost evidence tending to show that any person complained against under any of the provisions of this chapter purchased cigarettes with respect to the sale of which complaint is made at a fictitious price, or upon terms, or in such manner, or under such invoices, as to conceal the true cost, discounts, or terms of purchase, and shall also receive and consider as bearing on the bona fides of such cost evidence of the normal, customary, and prevailing terms and discounts in connection with other sales of a similar nature in the trade area or state.

(b) Merchandise given gratis or payment made to a retailer or distributor for display, or advertising, or promotion purposes, or otherwise shall not be considered in determining the cost of cigarettes to the retailer or distributor.

**(c) A buydown must be considered in determining the cost to the retailer or the cost to the distributor, as applicable, provided that the sum of any buydown and consideration paid by the purchaser is not below the cost to the retailer or distributor."**

Page 6, delete lines 1 through 2.

Page 11, after line 11, begin a new paragraph and insert:

"SECTION 13. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 185 as introduced.)

ALTING, Chairperson

Committee Vote: Yeas 9, Nays 0.

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#### COMMITTEE REPORT

Mr. President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 185, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 41.

Page 25, delete line 11.

**SB 185—LS 6454/DI 137**





Renumber all SECTIONS consecutively.  
and when so amended that said bill do pass.

(Reference is to SB 185 as printed January 16, 2026.)

GARTEN, Chairperson

Committee Vote: Yeas 12, Nays 1.

