

Date of Hearing: May 7, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1107 (Flora) – As Introduced February 20, 2025

Policy Committee:	Business and Professions	Vote:	17 - 0
	Public Safety		7 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill empowers the California Department of Tax and Fee Administration (CDTFA) to deny, suspend, or revoke a license to sell cigarettes or tobacco products if the retailer has been convicted of violating laws criminalizing the unlawful sale of nitrous oxide. The bill also requires the court to order the suspension of the business license, for up to one year, for a retailer that repeatedly violates those laws.

Specifically, this bill:

- 1) Authorizes CDTFA to deny a retailer a license to sell cigarettes or tobacco products under any of the following circumstances:
 - a) The retailer has been convicted of selling or furnishing a device, canister, tank, or receptacle exclusively containing nitrous oxide or exclusively containing a chemical compound mixed with nitrous oxide, to a person under 18 years of age.
 - b) The retailer engaged in the illegal sale of nitrous oxide to a person who suffers death or great bodily injury.
 - c) The retailer fails to properly document a sale of nitrous oxide, as specified.
- 2) Requires a court suspend or revoke a business license to sell cigarettes or tobacco products if a licensee violates provisions of the Business and Professions Code related to administering nitrous oxide in a dental practice.
- 3) Requires a court to order a business license be suspended for up to one year if a person knowingly dispenses or distributes nitrous oxide for illegal use and causes death or great bodily injury, after having been previously convicted of the same violation, unless the owner or employee of the business license can demonstrate a good faith attempt to prevent the dispensing of nitrous oxide for an illegal purpose.
- 4) Requires a court to order any business license be suspended for up to one year if a person knowingly fails to report each transaction of sale of nitrous oxide, as specified.

FISCAL EFFECT:

CDTFA estimates costs of \$250,000 to \$1 million to perform background checks to verify whether a person who is applying for or renewing a cigarette or tobacco products retailer's license has been convicted of a violation related to nitrous oxide, to perform outreach related to retailer licensing application checks or license suspensions and revocations, to suspend or revoke cigarette and tobacco products licenses and handle related appeals, to inspect locations of suspended licenses, and to answer taxpayer inquires (Cigarette and Tobacco Tax Compliance Fund).

CDTFA states it cannot estimate the loss in direct licensing fee revenues because it is unknown how many licenses would be denied, not renewed, suspended, or revoked under the provisions of this bill.

COMMENTS:

1) **Purpose.** According to the author:

AB 1107 aims to highlight the growing concern of flavored nitrous oxide misuse and the urgent need for stronger enforcement measures. AB 1107 addresses this issue by ensuring that businesses violating nitrous oxide distribution laws face meaningful consequences, including license suspension and ineligibility for new licenses. The FDA has also issued an advisory warning consumers about the dangers of inhaling nitrous oxide, underscoring the serious health risks associated with these products. By targeting repeat offenders and restricting access to these hazardous substances, this legislation promotes public safety, particularly for young people who are most vulnerable to inhalant misuse.

- 2) **Background.** The recreational use of nitrous oxide is associated with numerous health risks and there have been reports of individuals being seriously injured or engaging in dangerous activity as a result of being high on nitrous oxide gas. It is a misdemeanor for any person to possess nitrous oxide with the intent to use it to get high. It is also a crime to sell, furnish, administer, distribute, give away, or offer nitrous oxide canisters to a person under 18 years of age, or to anyone the seller knows intends to use the canisters to get high. State law currently requires a person who dispenses or distributes nitrous oxide to record each transaction in a document that informs the buyer that recreational use of nitrous oxide is both a crime and dangerous. The document must be signed by both the seller and the buyer.
- 3) **Implementation Problems.** The Assembly Public Safety Committee analysis outlines practical considerations that make this bill difficult to implement, including that CDTFA does not receive information about previous convictions or some business license suspensions. The analysis also raises other concerns with the bill, including lack of due process in the suspension or revocation of a license.

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