
SENATE COMMITTEE ON REVENUE AND TAXATION

Senator Jerry McNerney, Chair
2025 - 2026 Regular

Bill No: SB 1124
Author: Archuleta
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Consultant: Grinnell

Hearing Date: 4/22/26
Tax Levy: No
Fiscal: Yes

PUBLIC HEALTH

Requires CDPH to develop signage for lung cancer screening; directs licensed tobacco retailers to display the signage or be subject to a civil penalty.

Background

Tobacco Products Licensing. In 2003, the Cigarette and Tobacco Products Licensing Act (AB 71, Horton, 2003) required the Board of Equalization (BOE) to license manufacturers, distributors, wholesalers, importers, and retailers of cigarette or tobacco products who are engaged in business in California. In 2017, the Legislature enacted AB 102 (Committee on Budget), which transferred duties, powers, and responsibilities related to the administration of taxes and fees from BOE to the California Department of Tax and Fee Administration (CDTFA).

Under the Licensing Act, retailers, distributors, manufacturers, wholesalers, and importers must possess and maintain a license. For retailers, there are two kinds of licenses: one for those who sell tobacco products subject to the Cigarette and Tobacco Products Tax, which is also administered by CDTFA, and one for those whose products are *not* subject to that tax, such as retailers of electronic delivery devices not containing or sold with nicotine and certain accessories, such as zero-nicotine vaporized liquids. Licenses are valid for one year and must be renewed annually. Retailers must conspicuously display the license at each retail location in a manner visible to the public or be subject to a \$500 civil penalty. Approximately 29,000 cigarette and tobacco product retail locations are licensed to sell cigarettes and tobacco products in California.

Last year, the Legislature increased license fees on both sets of tobacco retailers from \$265 to \$450, for new or renewed licenses applied for on or after July 1, 2026 (AB 573, Rogers). AB 573 also permits CDTFA to increase the license fee through regulation to an amount necessary to maintain the Cigarette and Tobacco Products Compliance Fund, which funds CDTFA's enforcement efforts, at a level that is no more than necessary to cover its reasonable costs, and not to exceed \$600. These compliance efforts include regular inspections of businesses selling cigarettes and tobacco products, including retailers, wholesalers, and distributors, to ensure compliance with cigarette and tobacco product tax and licensing laws. CDTFA annually conducts about 3,318 inspections of licensed cigarette and tobacco product retailers to ensure compliance with the Licensing Act and applicable tax laws. When CDTFA discovers that a retailer, or any of its agents or employees, sells or offers to sell unstamped cigarette packages, it can seize the packages. When seized, the law treats the products as forfeited to the state.

CDTFA may suspend a retailer's license under the Licensing Act or the Cigarette and Tobacco Products Tax Law for a first or subsequent license violation. CDTFA must provide a tobacco product licensee with at least ten days' written notice of a pending suspension or revocation and an opportunity to appeal.

Kick It California. The Kick It California program seeks to help Californians quit cigarettes, vaping products, smokeless tobacco, and cannabis. Funded by the First 5 Commission and the California Department of Public Health (CDPH), and operated by the University of California, San Diego, Kick It seeks to help those who consume these products by connecting them with skilled "quit coaches." Dating its commencement to 1992, Kick It states that it enrolled almost 30,000 people last year, of whom 15,824 received coaching.

The author wants the California Department of Public Health to develop signage regarding lung cancer screening and require tobacco retailers to display it.

Proposed Law

Senate Bill 1124 requires CDPH to develop signage for lung cancer screening, which must include, on or before July 1, 2027:

- Eligibility criteria for lung cancer screening.
- Information on the effectiveness of lung cancer screening.
- The toll-free telephone number of the Kick It California tobacco cessation program.
- A quick response code that links to the Kick It California page on the department's internet website.

The bill then amends the Licensing Act to require a retailer engaged in the retail sale of cigarettes or tobacco products to prominently display the signage in every retail location of the retailer. The measure imposes a penalty of \$1,000 for failing to do so in addition to any other applicable penalty.

State Revenue Impact

No estimate.

Comments

1. **Purpose of the bill.** According to the author, "Lung cancer is the leading cause of cancer death in California and nationally, yet California has the lowest lung cancer screening rate in the country (<1%). The primary barrier is awareness given that 62% of Americans don't even know lung cancer screening exists. The United States Preventive Services Task Force recommends yearly lung cancer screening (LCS) for people who have a 20 pack-year (a packyear refers to smoking an average of 1 pack of cigarettes per day for 1 year) or more smoking history, smoke now, or have quit within the past 15 years, and are between the ages of 50 and 80. Although LCS are generally covered by insurance for individuals who meet these high-risk criteria, in California, only 16.8% of this population receive LCS. SB 1124 would raise awareness around eligibility for lung cancer screenings and encourage tobacco users to access health care services already available to them. To address California's particularly low screening rates and the disparities in access across communities, SB 1124 will require signage, created by the California

Department of Health, for lung cancer screening eligibility criteria at the point-of sale for tobacco products.”

2. Penalties. SB 1124 seeks to improve public health by requiring tobacco retailers to display signage developed by CDPH, which hopefully increases awareness among Californians consuming tobacco products of lung cancer screening and smoking cessation options. The bill builds on current requirements under the Stop Tobacco Access to Kids Enforcement Act (STAKE Act) to post signage at each cash register that selling tobacco products to anyone under 21 years of age is illegal and subject to penalties, and the requirement under the Licensing Act that the retailer post its license in a manner visible to the public. However, SB 1124 makes violations of its requirements subject to a \$1,000 penalty, while the STAKE Act penalty is \$200 for a first violation and \$500 for the second for each violation, or \$500 under the Licensing Act. Misaligned penalty amounts imply that the Legislature wants retailers to comply with SB 1124’s requirements more than the other two.

3. How to comply? SB 1124 requires tobacco retailers to post specific signage and authorizes penalties for failing to do so. Under the STAKE Act, CDPH develops materials and makes them available to retailers free of charge. Unless CDPH makes SB 1124’s signage similarly available for free, tobacco retailers will incur additional costs to comply with the bill. If they don’t, they are subject to the bill’s penalty.

4. Related legislation. On April 8th, the Committee approved SB 1314 (Menjivar), which enacts the Youth Over Smoke Act, which limits the location and operation of smoke shops, as defined. Among other changes, the bill prohibits a smoke shop from being located within a 600-foot radius of a school or day care center that is in existence at the time CDTFA issues the smoke shop’s tobacco retailer license, restricts a smoke shop’s hours of operation, and permits CDPH or CDTFA to establish regulations and requirements for the operation of smoke shops. The measure is set for hearing in the Senate Health Committee on April 22nd.

5. Double referred. The Senate Rules Committee ordered a double-referral of SB 1124: first, to the Committee on Revenue & Taxation to consider its impacts on tobacco licensing, and second to the Committee on Health, where it will also be heard on April 22nd.

Support and Opposition (4/16/26)

Support: American College of Surgeons, Southern California Chapter
 American Lung Cancer Screening Initiative
 California Academy of Family Physicians
 California LGBTQ Health and Human Services Network
 California-Hawaii State Conference of the NAACP
 San Luis Obispo Tobacco Control Coalition
 Southern California Public Health Association
 UCLA Undergraduate Student Association Council
 One Individual

Opposition: None received.