
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1314 (Menjivar) - Smoke shops: locations, hours of operation, and sale of nitrous oxide

Version: April 27, 2026

Policy Vote: REV. & TAX. 4 - 0, HEALTH
8 - 0

Urgency: No

Mandate: No

Hearing Date: May 11, 2026

Consultant: Robert Ingenito

Bill Summary: SB 1314 would enact the Youth Over Smoke Act, as specified.

Fiscal Impact:

- The California Department of Tax and Fee Administration (CDTFA) indicates that it would incur annual administrative costs of up to \$250,000 to implement the provisions of the bill. Cost drivers would include (1) administrative workload related to license suspensions and revocations, (2) performing inspections, (3) issuing citations, and (4) seizing a licensee's cigarette and tobacco products (Cigarette and Tobacco Products Compliance Fund).
- The department anticipates that the bill would result in reduced licensing fee revenues of an unknown amount. Specifically, the number of licenses that would be suspended under the bill's requirements or revoked for violations of the Licensing Act's suspension provisions is unknown. (Cigarette and Tobacco Products Compliance Fund). Additionally, CDTFA anticipates a potential loss of sales and use tax revenues of an unknown amount, resulting from limiting the sale of nitrous oxide (General Fund and local funds).
- The bill could result in increased penalty revenue; the magnitude is unknown.

Background: California has established a comprehensive statutory and regulatory framework to restrict youth access to tobacco and related products. The California Department of Public Health (CDPH) administers the Stop Tobacco Access to Kids Enforcement (STAKE) Act, which authorizes state and local enforcement agencies to impose escalating civil penalties on entities that furnish tobacco products to individuals under 21 years of age. Penalty revenues are deposited into the Sale of Tobacco to Minors Control Account to support ongoing enforcement efforts.

In parallel, the Legislature enacted the Cigarette and Tobacco Products Licensing Act in 2003 to require licensure of all manufacturers, distributors, wholesalers, importers, and retailers engaged in the sale of cigarette and tobacco products in California. Administrative authority over these licensing and tax programs was initially tasked to the Board of Equalization but subsequently transferred to CDTFA. Thus, CDTFA now oversees both licensing compliance and administration of cigarette and tobacco product taxes.

Current law requires tobacco retailers and related entities to obtain and annually renew appropriate licenses. Recent legislation increased retailer licensing fees and authorized CDTFA to further adjust fees by regulation to maintain sufficient funding for enforcement and compliance activities. CDTFA also possesses authority to suspend or revoke licenses for violations of tobacco licensing and tax laws, subject to notice and appeal procedures.

Additionally, state law links STAKE Act violations to licensing consequences. Upon repeated violations involving sales to minors at the same location within a five-year period, CDTFA is required to impose escalating disciplinary actions, including license suspensions and eventual revocation. CDTFA also assesses supplemental civil penalties tied to these violations, with revenues supporting the Cigarette and Tobacco Products Compliance Fund.

Compliance activities funded through licensing fees and penalties include inspections of approximately 29,000 licensed tobacco retail locations statewide. CDTFA conducts thousands of annual inspections to enforce licensing and tax laws, including authority to seize unstamped or unlawfully sold tobacco products, which are forfeited to the state upon seizure.

Separately, California regulates nitrous oxide due to its legitimate commercial and medical uses as well as its potential for abuse as an intoxicant. State law criminalizes possession or use of nitrous oxide for intoxication purposes and prohibits the sale or furnishing of nitrous oxide to minors. Subsequent legislation expanded penalties for unlawful distribution resulting in serious bodily injury or death and imposed transaction recordkeeping requirements on sellers and distributors.

Proposed Law: This bill, among other things, would limit the location and operation of smoke shops, as defined. Specifically, the bill would add a section to the STAKE Act effective July 1, 2027, to do the following:

- Prohibit a smoke shop, as defined, from being located within a 600-foot radius of a school (as defined) or daycare center that is in existence at the time CDTFA issues the smoke shop's tobacco retailer license, unless the local jurisdiction specifies a radius greater than 600 feet. The measure directs that the radius be measured in a specified manner.
- Restrict the hours of operation of a smoke shop to between 6 am to 10 pm.
- Bar a smoke shop from possessing, storing, owning or selling nitrous oxide, including products derived from nitrous oxide, or paraphernalia related to the consumption of nitrous oxide.
- Permit CDTFA to establish regulations and requirements for the operation of smoke shops, which may include a separate license category and fee rates. Provide that a local standard that imposes more restrictive requirements on the operation of smoke shops shall control in the event of any inconsistency.
- Direct a STAKE Act enforcement agency to assess penalties that apply to current violations of the bill's restrictions on smoke shops upon notice to the person, firm, or corporation in violation of the bill. The measure then would requires CDTFA to

issue civil penalties under the STAKE Act that apply upon a third, fourth, or fifth violation, and suspend or revoke the tobacco retailer's license.

Related Legislation:

- SB 1124 (Archuleta) would require a retailer engaged in the retail sale of cigarettes or tobacco products to prominently display signage regarding lung cancer screening, as specified. The bill is currently pending in this Committee.
- AB 573 (Rogers, Chapter 269, Statutes of 2025) increases the fee for a license to sell tobacco products for each separate license to provide additional resources for increased enforcement of tobacco law. Requires the Legislative Analyst's Office to report to the Legislature information about the state's enforcement activities and how they could be bolstered.
- SB 1230 (Rubio, Chapter 462, Statutes of 2024) enacts the Strengthen Tobacco Oversight Programs and Seize Illegal Tobacco Products Act, which increases civil penalties on retailers who violate the STAKE Act, and authorizes CDTFA to seize flavored tobacco products or tobacco product flavor enhancers that violate the flavored tobacco products ban.
- AB 1735 (Hall, Chapter 458, Statutes of 2014) makes it a misdemeanor for any person to dispense or distribute N2O to a person, if it is known or should have been known that the N2O will be ingested or inhaled by the person for the purposes of causing intoxication, and that person proximately cause great bodily injury or death to himself/herself, or any other person.
- SB 1927 (Hayden, Chapter 1009, Statutes of 1994) enacted the STAKE Act.

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