

STATE OF NEW YORK

9225

IN SENATE

February 18, 2026

Introduced by Sen. MATTERA -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to enacting the New York Farm Distillery RTD Excise Tax Bill; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as "the New York
2 Farm Distillery RTD Excise Tax Bill".

3 § 2. Subdivision 1 of section 424 of the tax law is amended by adding
4 a new paragraph (h) to read as follows:

5 (h)(i) Notwithstanding paragraphs (a) through (f) of this subdivision,
6 the excise tax imposed upon eligible ready-to-drink spirits products
7 sold or used within this state shall be imposed at the rate of fourteen
8 cents per gallon, provided that such products are manufactured by an
9 eligible producer, as defined in this paragraph.

10 (ii) For purposes of this paragraph:

11 (1) "eligible producer" shall mean a holder of a class D farm distil-
12 lery license, or a class A-1 distiller license issued pursuant to
13 section sixty-one of the alcoholic beverage control law, whose annual
14 production capacity does not exceed seventy-five thousand gallons; and

15 (2) "eligible ready-to-drink spirits product" shall mean a packaged
16 liquor product:

17 (A) containing more than two percent and not more than twenty-four
18 percent alcohol by volume;

19 (B) manufactured by an eligible producer;

20 (C) packaged in sealed containers for retail sale to consumers; and

21 (D) intended for direct consumption without dilution.

22 (iii) Nothing in this paragraph shall be construed to:

23 (A) apply to distilled spirits containing more than twenty-four
24 percent alcohol by volume;

25 (B) apply to any producer not otherwise licensed under section sixty-
26 one of the alcoholic beverage control law; or

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 (C) alter any licensing, distribution, retail sale, or tied-house
2 provisions of the alcoholic beverage control law.

3 § 3. Rules and regulations. The commissioner of taxation and finance,
4 in consultation with the state liquor authority, is authorized to
5 promulgate such rules and regulations as are necessary to administer and
6 enforce the provisions of this act, including but not limited to stand-
7 ards for product qualification, labeling, recordkeeping, reporting, and
8 audit procedures to ensure compliance with the eligibility requirements
9 set forth in section four hundred twenty-four of the tax law.

10 § 4. Reporting Requirement. No later than three years after the effec-
11 tive date of this act, the commissioner of taxation and finance shall
12 submit a report to the governor, the temporary president of the senate,
13 and the speaker of the assembly evaluating:

- 14 1. The number of producers utilizing the reduced excise tax rate;
- 15 2. The volume of eligible ready-to-drink spirits products sold under
16 the reduced rate;
- 17 3. Any measurable fiscal impacts to state revenues; and
- 18 4. Observed economic effects on New York agriculture, small manufac-
19 turing, and independent liquor retailers.

20 § 5. This act shall take effect on the first day of the first calendar
21 quarter commencing not less than ninety days after it shall have become
22 a law and shall expire and be deemed repealed five years after such
23 effective date; provided, however, that such expiration shall not affect
24 any tax liability incurred prior to such date.