

4901

2009-2010 Regular Sessions

I N A S S E M B L Y

February 6, 2009

Introduced by M. of A. CYMBROWITZ -- read once and referred to the  
Committee on Ways and Means

AN ACT to amend the tax law, in relation to collecting the tax on ciga-  
rettes; and to repeal section 471-e and subdivision 5 of section 480-a  
of such law relating thereto

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-  
BLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivisions 8, 9 and 11 of section 470 of the tax law,  
2 subdivisions 9 and 11 as amended by chapter 61 of the laws of 1989,  
3 subdivision 8 as amended by section 1 of part K of chapter 61 of the  
4 laws of 2005, are amended and four new subdivisions 20, 21, 22 and 23  
5 are added to read as follows:

6 8. "Wholesale dealer." Any person, WHETHER LOCATED WITHIN OR OUTSIDE  
7 OF THIS STATE, who (a) sells cigarettes or tobacco products to retail  
8 dealers or other persons for purposes of resale, or (b) owns, operates  
9 or maintains one or more cigarette or tobacco product vending machines  
10 in, at or upon premises owned or occupied by any other person, or (c)  
11 sells cigarettes or tobacco products to an Indian nation or tribe or to  
12 a reservation cigarette seller on a qualified reservation. SUCH TERM  
13 SHALL NOT INCLUDE ANY CIGARETTE MANUFACTURER, EXPORT WAREHOUSE PROPRIE-  
14 TOR, OR IMPORTER WITH A VALID PERMIT UNDER 26 U.S.C. S 5712, IF SUCH  
15 PERSON SELLS OR DISTRIBUTES CIGARETTES IN THIS STATE ONLY TO LICENSED  
16 AGENTS, OR TO AN EXPORT WAREHOUSE PROPRIETOR OR ANOTHER MANUFACTURER  
17 WITH A VALID PERMIT UNDER 26 U.S.C. S 5712.

18 9. "Retail dealer." Any person, WHETHER LOCATED WITHIN OR OUTSIDE OF  
19 THIS STATE, other than a wholesale dealer, engaged in selling cigarettes  
20 or tobacco products TO A CONSUMER IN THIS STATE.

21 11. "Agent." Any [person] WHOLESAL DEALER licensed by the commission-  
22 er of taxation and finance to purchase and affix adhesive or meter  
23 stamps on packages of cigarettes under this article.

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

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1 20. "MANUFACTURER" MEANS ANY PERSON WHO MANUFACTURES, FABRICATES,  
2 ASSEMBLES, PROCESSES, OR LABELS A FINISHED CIGARETTE.

3 21. "IMPORTER" MEANS ANY PERSON WHO IMPORTS INTO THE UNITED STATES,  
4 EITHER DIRECTLY OR INDIRECTLY, A FINISHED CIGARETTE FOR SALE OR DISTRIB-  
5 UTION.

6 22. "STAMP" OR "STAMPS" MEANS THE INDICIA, INCLUDING METER  
7 IMPRESSIONS, REQUIRED TO BE PLACED ON A CIGARETTE PACKAGE THAT EVIDENCE  
8 PAYMENT OF THE TAX ON CIGARETTES UNDER SECTION FOUR HUNDRED SEVENTY-ONE  
9 OF THIS ARTICLE, OR THE INDICIA, INCLUDING METER IMPRESSIONS, USED TO  
10 INDICATE THAT THE CIGARETTES ARE INTENDED FOR A SALE OR DISTRIBUTION IN  
11 THIS STATE THAT IS EXEMPT FROM STATE TAX UNDER PARAGRAPH (A) OF SUBDIVI-  
12 SION ONE OF SECTION FOUR HUNDRED SEVENTY-ONE-E OF THIS ARTICLE.

13 23. "LICENSED," WHEN USED WITH REFERENCE TO A MANUFACTURER, IMPORTER,  
14 AGENT, WHOLESALE DEALER OR RETAIL DEALER, MEANS ONLY THOSE PERSONS WHO  
15 HOLD A VALID AND CURRENT LICENSE ISSUED UNDER SECTION FOUR HUNDRED  
16 EIGHTY OF THIS ARTICLE FOR THE TYPE OF BUSINESS BEING ENGAGED IN. WHEN  
17 THE TERM "LICENSED" IS USED BEFORE A LIST OF ENTITIES, SUCH AS "LICENSED  
18 MANUFACTURER, IMPORTER, AGENT OR DEALER," SUCH TERM SHALL APPLY TO EACH  
19 ENTITY IN SUCH LIST.

20 S 2. Subdivisions 2 and 3 of section 471 of the tax law, as amended by  
21 chapter 6 of the laws of 1961, are amended to read as follows:

22 2. It is intended that the ultimate incidence of and liability for the  
23 tax shall be upon the consumer, and that any agent [or dealer] who shall  
24 pay the tax to the [tax commission] COMMISSIONER shall collect the tax  
25 from the purchaser or consumer. Except as [hereinafter] provided IN THIS  
26 SUBDIVISION, the tax shall be advanced and paid by the agent. The agent  
27 shall be liable for the collection and payment of the tax on cigarettes  
28 imposed by this article and shall pay the tax to the [tax commission]  
29 COMMISSIONER by purchasing, under such regulations as it shall  
30 prescribe, adhesive stamps of such designs and denominations as it shall  
31 prescribe. The tax on cigarettes may also be paid by or through the use  
32 of metering machines if the [tax commission] COMMISSIONER so prescribes.  
33 Agents, located within or without the state, shall purchase stamps and  
34 affix such stamps in the manner prescribed to packages of cigarettes to  
35 be sold within the state[, in which case any dealer subsequently receiv-  
36 ing such stamped packages of cigarettes will not be required to purchase  
37 and affix stamps on such packages of cigarettes. Notwithstanding any  
38 other provision of this article, the tax commission may by regulation  
39 provide that the tax on cigarettes imposed by this article shall be  
40 collected without the use of stamps].

41 3. The amount of taxes advanced and paid by the agent as [hereinabove]  
42 provided IN THIS SECTION shall be added to and collected as part of the  
43 sales price of the cigarettes.

44 S 3. Section 471-a of the tax law, as amended by section 2 of part  
45 RR-1 of chapter 57 of the laws of 2008, is amended to read as follows:

46 S 471-a. Use tax on cigarettes. There is hereby imposed and shall be  
47 paid BY ANY CONSUMER a tax on all cigarettes used in the state by any  
48 [person] SUCH CONSUMER, except that no tax shall be imposed (1) if the  
49 tax provided in section four hundred seventy-one of this article is  
50 paid, (2) on the use of cigarettes which are exempt from the tax imposed  
51 by said section, or (3) on the use of four hundred or less cigarettes,  
52 brought into the state on, or in the possession of, any [person] CONSUM-  
53 ER. Such tax on cigarettes shall be at the rate of two dollars and  
54 seventy-five cents for each twenty cigarettes or fraction thereof,  
55 provided, however, that if a package of cigarettes contains more than  
56 twenty cigarettes, the rate of tax on the cigarettes in such package in

1 excess of twenty shall be sixty-eight and three-quarters cents for each  
2 five cigarettes or fraction thereof. Within twenty-four hours after  
3 liability for the tax accrues, each such [person] CONSUMER shall file  
4 with the commissioner a return in such form as the commissioner may  
5 prescribe together with a remittance of the tax shown to be due thereon.  
6 For purposes of this article, the word "use" means the exercise of any  
7 right or power actual or constructive and shall include but is not  
8 limited to the receipt, storage or any keeping or retention for any  
9 length of time, but shall not include possession for sale, AND THE WORD  
10 "CONSUMER" MEANS ANY PERSON WHO USES CIGARETTES IN THIS STATE. All  
11 other provisions of this article if not inconsistent shall apply to the  
12 administration and enforcement of the tax imposed by this section in the  
13 same manner as if the language of said provisions had been incorporated  
14 in full into this section. BY FILING SUCH RETURN AND PAYING SUCH TAX, A  
15 CONSUMER SHALL NOT BE RELIEVED OF ANY CRIMINAL OR CIVIL PENALTIES THAT  
16 MAY BE APPLICABLE UNDER THIS ARTICLE OR ARTICLE THIRTY-SEVEN OF THIS  
17 CHAPTER.

18 S 4. Section 471-e of the tax law is REPEALED and a new section 471-e  
19 is added to read as follows:

20 S 471-E. APPLICATION OF TAX ON TRIBAL LANDS. 1. EXEMPTION FROM TAX.  
21 (A) CIGARETTES SOLD TO OR RECEIVED BY MEMBERS OF A FEDERALLY RECOGNIZED  
22 INDIAN TRIBE ON SUCH TRIBE'S INDIAN COUNTRY SHALL NOT BE SUBJECT TO TAX  
23 UNDER THIS ARTICLE.

24 (B) CIGARETTES EXEMPT FROM TAX UNDER 26 U.S.C. S 5701 AND THAT ARE  
25 DISTRIBUTED IN ACCORDANCE WITH FEDERAL REGULATIONS SHALL NOT BE SUBJECT  
26 TO TAX UNDER THIS ARTICLE.

27 2. TAX RATE ON SALES TO NON-TRIBAL MEMBERS ON INDIAN COUNTRY. THE TAX  
28 RATE APPLICABLE TO CIGARETTES SOLD TO OR RECEIVED BY NON-TRIBAL MEMBERS  
29 ON INDIAN LANDS SHALL BE EQUAL TO THE STATE TAX RATE PROVIDED IN SECTION  
30 FOUR HUNDRED SEVENTY-ONE OF THIS ARTICLE MINUS ANY TRIBAL TAX RATE, IF  
31 THE RESULTING RATE IS A POSITIVE NUMBER AND SUCH RATE SHALL BE ZERO IF  
32 THE RESULTING RATE WOULD BE A NEGATIVE NUMBER. CIGARETTES TAXED PURSUANT  
33 TO THIS SUBDIVISION SHALL BEAR A TAX STAMP AS REQUIRED BY SECTION FOUR  
34 HUNDRED SEVENTY-TWO OF THIS ARTICLE IN AN AMOUNT EQUAL TO THE TAX  
35 IMPOSED BY SECTION FOUR HUNDRED SEVENTY-ONE OF THIS ARTICLE; PROVIDED,  
36 THAT THE COMMISSIONER SHALL PERIODICALLY REBATE TO ANY INDIAN TRIBAL  
37 ENTITY THAT IS IN COMPLIANCE WITH THIS ARTICLE AN AMOUNT EQUAL TO THE  
38 TRIBAL TAX IMPOSED ON SALES UNDER THIS SUBDIVISION OR THE FACE VALUE OF  
39 THE TAX STAMPS AFFIXED TO CIGARETTES UNDER THIS SUBDIVISION, WHICHEVER  
40 AMOUNT IS LESS.

41 S 5. Subdivision 1 of section 472 of the tax law, as amended by chap-  
42 ter 629 of the laws of 1996, is amended, subdivisions 2 and 3 are renum-  
43 bered subdivisions 3 and 4 and a new subdivision 2 is added to read as  
44 follows:

45 1. The commissioner shall prescribe, prepare and furnish stamps of  
46 such denominations and quantities as may be necessary for the payment of  
47 the tax on cigarettes imposed by this article, OR FOR INDICATION THAT  
48 THE CIGARETTES ARE TAX-EXEMPT UNDER SECTION FOUR HUNDRED SEVENTY-ONE-E  
49 OF THIS ARTICLE, and may from time to time and as often as he OR SHE  
50 deems advisable provide for the issuance and exclusive use of stamps of  
51 a new design and forbid the use of stamps of any other design, in the  
52 manner and with the effect provided in section two hundred seventy-four  
53 of this chapter. The commissioner shall make provisions for the sale of  
54 such stamps at such places and at such times as he OR SHE may deem  
55 necessary and may license agents for such purpose. The commissioner may  
56 license WHOLESALE dealers in cigarettes, who maintain separate warehous-

1 ing facilities for the purpose of receiving and distributing cigarettes  
2 and conducting their business, AND who have received commitments from at  
3 least two cigarette manufacturers whose aggregate market share is at  
4 least forty percent of the New York state cigarette market, [and import-  
5 ers, exporters and manufacturers of cigarettes, and other persons within  
6 or without the state as] OR ARE THEMSELVES ALSO LICENSED AS MANUFACTUR-  
7 ERS, IMPORTERS OR agents to buy [or] AND affix stamps to be used in  
8 paying the tax [herein] imposed BY THIS ARTICLE. NO PERSON OTHER THAN A  
9 LICENSED AGENT MAY PURCHASE OR AFFIX STAMPS AND AGENTS SHALL NOT SELL OR  
10 PROVIDE SUCH STAMPS TO ANY OTHER AGENT OR PERSON, but an agent shall at  
11 all times have the right to appoint the person in his OR HER employ who  
12 is to affix the stamps to any cigarettes under the agent's control. The  
13 fee for filing such application for an agent's license shall be one  
14 thousand five hundred dollars, unless such fee has been paid during the  
15 preceding twelve months, in which case, the fee for a new license shall  
16 be one thousand dollars. All of the provisions of section four hundred  
17 eighty OF THIS ARTICLE relating to wholesale dealers' licenses, includ-  
18 ing the procedure for suspension, revocation, refusal to license and for  
19 hearings, except for paragraphs (c) and [(g)] (F) of subdivision one of  
20 such section, shall be applicable to agents' licenses applied for or  
21 granted pursuant to this section, as if such provisions had been set  
22 forth in full in this subdivision and had expressly referred to the  
23 applicant for, or the holder of, an agent's license. Whenever the  
24 commissioner shall sell and deliver to any such agent any such stamps,  
25 such agent shall be entitled to receive as compensation for his OR HER  
26 services and expenses as such agent in [selling or] affixing such  
27 stamps, and to retain out of the moneys to be paid by him OR HER for  
28 such stamps, a commission on the par value thereof. The commissioner is  
29 hereby authorized to prescribe a schedule of commissions, not exceeding  
30 five per centum, allowable to such agent for buying and affixing such  
31 stamps. Such schedule shall be uniform with respect to the different  
32 types of stamps used, and may be on a graduated scale with respect to  
33 the number of stamps purchased. The commissioner may, in his OR HER  
34 discretion, permit an agent to pay for such stamps within thirty days  
35 after the date of purchase and may require any such agent to file with  
36 the department [of taxation and finance] a bond issued by a surety  
37 company approved by the superintendent of insurance as to solvency and  
38 responsibility and authorized to transact business in the state or other  
39 security acceptable to the commissioner, in such amount as the commis-  
40 sioner may fix, to secure the payment of any sums due from such agent  
41 pursuant to this article. If securities are deposited as security under  
42 this subdivision, such securities shall be kept in the custody of the  
43 commissioner and may be sold by the commissioner if it becomes necessary  
44 so to do in order to recover any sums due from such agent pursuant to  
45 this article, but no such sale shall be had until after such agent shall  
46 have had opportunity to litigate the validity of any tax if it elects so  
47 to do. Upon any such sale, the surplus, if any, above the sums due under  
48 this article shall be returned to such agent.

49 2. STAMPS SHALL BE APPLIED BY A LICENSED AGENT TO EACH PACKAGE OF  
50 CIGARETTES SOLD OR DISTRIBUTED WITHIN THIS STATE AS FOLLOWS: (A) A TAX  
51 STAMP SHALL BE APPLIED TO ALL CIGARETTE PACKAGES CONTAINING CIGARETTES  
52 SUBJECT TO STATE TAX UNDER THIS ARTICLE, INCLUDING TO CIGARETTES SUBJECT  
53 TO REDUCED STATE TAX UNDER SUBDIVISION TWO OF SECTION FOUR HUNDRED  
54 SEVENTY-ONE-E OF THIS ARTICLE.

55 (B) EXCEPT AS PROVIDED IN PARAGRAPH (C) OF THIS SUBDIVISION, A TAX-EX-  
56 EMPT STAMP SHALL BE APPLIED TO ALL CIGARETTE PACKAGES INTENDED FOR SALE

1 OR DISTRIBUTION TO CONSUMERS NOT SUBJECT TO STATE TAX UNDER PARAGRAPH  
2 (A) OF SUBDIVISION ONE OF SECTION FOUR HUNDRED SEVENTY-ONE-E OF THIS  
3 ARTICLE.

4 (C) NO STAMP SHALL BE APPLIED TO ANY CIGARETTE PACKAGE EXEMPT FROM TAX  
5 UNDER PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION FOUR HUNDRED SEVENTY-  
6 ONE-E OF THIS ARTICLE.

7 S 6. Section 473 of the tax law, as amended by chapter 489 of the laws  
8 of 1940, is amended to read as follows:

9 S 473. Affixation and cancellation of stamps; presumption. Each agent  
10 [shall affix] within [the time hereinafter prescribed] TEN CALENDAR DAYS  
11 OF RECEIPT OF ANY CIGARETTES, SHALL AFFIX to each package of SUCH ciga-  
12 rettes, stamps evidencing the payment of the tax imposed by this article  
13 OR STAMPS EVIDENCING THE EXEMPTION FROM PAYMENT OF THE TAX IMPOSED BY  
14 THIS ARTICLE and shall cancel such stamps, WITH A NUMBER UNIQUE TO SUCH  
15 AGENT THAT IS LEGIBLE AT THE POINT OF SALE, before such cigarettes are  
16 offered for sale or before they are otherwise disposed of, unless stamps  
17 have been affixed to such packages of cigarettes and cancelled before  
18 such agent received them. Each dealer, other than an agent, shall imme-  
19 diately upon the receipt of any cigarettes at his OR HER place of busi-  
20 ness mark in ink on each unopened box, carton or other container of such  
21 cigarettes the word "received" and the year, month, day and hour of such  
22 receipt, and shall affix his OR HER signature thereto, or in any other  
23 manner prescribed.

24 Each retail dealer shall open such box, carton or other container  
25 within twenty-four hours after such receipt and prior to exposing for  
26 sale or selling such cigarettes and examine the packages contained ther-  
27 ein for the purpose of ascertaining whether or not the said packages  
28 have affixed thereto the proper tax stamp; if unstamped or improperly  
29 stamped packages of cigarettes are discovered, the retail dealer shall  
30 immediately notify the WHOLESAL dealer from whom said cigarettes were  
31 purchased. Upon such notification, the WHOLESAL dealer from whom said  
32 cigarettes were purchased will replace such unstamped or improperly  
33 stamped packages of cigarettes with those upon which stamps have been  
34 properly affixed.

35 Whenever any cigarettes are found in the place of business of such  
36 dealer, other than an agent, without the stamps affixed and cancelled,  
37 or not marked as having been received within the preceding twenty-four  
38 hours, the presumption shall be that such cigarettes are kept therein in  
39 violation of the provisions of this article. Stamps shall be affixed to  
40 each package of cigarettes of an aggregate denomination not less than  
41 the amount of the tax upon the contents therein, and shall be affixed in  
42 such manner as to be visible to the purchaser.

43 S 7. The tax law is amended by adding a new section 473-c to read as  
44 follows:

45 S 473-C. DUTIES OF MANUFACTURERS, IMPORTERS, AGENTS, AND DEALERS. 1.  
46 AGENTS MAY APPLY STAMPS ONLY TO CIGARETTE PACKAGES THAT THEY HAVE  
47 RECEIVED DIRECTLY FROM A LICENSED MANUFACTURER OR IMPORTER OF CIGA-  
48 RETTES.

49 2. AGENTS SHALL BE PERMITTED TO SET ASIDE, WITHOUT APPLICATION OF  
50 STAMPS, ONLY SUCH PART OF THE AGENT'S STOCK THAT IS IDENTIFIED FOR SALE  
51 OR DISTRIBUTION OUTSIDE OF THIS STATE; PROVIDED, THAT ANY SUCH UNSTAMPED  
52 CIGARETTES SHALL BE STORED SEPARATELY FROM STAMPED CIGARETTE PACKAGES.  
53 NO AGENT SHALL TRANSFER UNSTAMPED CIGARETTE PACKAGES TO ANOTHER FACILITY  
54 OF THE AGENT WITHIN THIS STATE OR TO ANOTHER PERSON WITHIN THIS STATE.

55 3. A MANUFACTURER OR IMPORTER MAY SELL OR DISTRIBUTE CIGARETTES TO A  
56 PERSON LOCATED OR DOING BUSINESS WITHIN THIS STATE (INCLUDING ON ANY

1 TRIBAL LANDS LOCATED WITHIN THIS STATE) ONLY IF SUCH PERSON IS A  
2 LICENSED IMPORTER OR AGENT. AN IMPORTER MAY OBTAIN CIGARETTES ONLY FROM  
3 A LICENSED MANUFACTURER. AN AGENT MAY OBTAIN CIGARETTES ONLY FROM A  
4 LICENSED MANUFACTURER, IMPORTER OR AGENT. AN AGENT MAY SELL OR DISTRIB-  
5 UTE CIGARETTES TO A PERSON LOCATED OR DOING BUSINESS WITHIN THIS STATE  
6 (INCLUDING ON ANY TRIBAL LANDS LOCATED WITHIN THIS STATE) ONLY IF SUCH  
7 PERSON IS A LICENSED AGENT, WHOLESALE DEALER OR RETAIL DEALER. A RETAIL  
8 DEALER MAY OBTAIN CIGARETTES ONLY FROM A LICENSED AGENT OR WHOLESALE  
9 DEALER.

10 4. ANY PERSON WHO IS DOING BUSINESS BOTH AS AN AGENT AND A WHOLESALE  
11 DEALER OR A RETAIL DEALER, SHALL MAINTAIN SEPARATE AREAS FOR STAMPED AND  
12 UNSTAMPED PRODUCT.

13 5. (A) A RETAIL DEALER SHALL REPORT TO THE COMMISSION EACH SALE OR  
14 DISTRIBUTION OF MORE THAN ONE THOUSAND CIGARETTES TO ANY CONSUMER IN ANY  
15 SINGLE TRANSACTION. SUCH REPORT SHALL INCLUDE:

16 (I) THE NAME, ADDRESS, DESTINATION (INCLUDING STREET ADDRESS), VEHICLE  
17 LICENSE NUMBER, DRIVER'S LICENSE NUMBER, SIGNATURE OF THE PERSON RECEIV-  
18 ING SUCH CIGARETTES, AND THE NAME OF THE PURCHASER;

19 (II) A DECLARATION OF THE SPECIFIC PURPOSE OF THE RECEIPT (PERSONAL  
20 USE, RESALE, OR DELIVERY TO ANOTHER); AND

21 (III) A DECLARATION OF THE NAME AND ADDRESS OF THE RECIPIENT'S PRINCI-  
22 PAL IN ALL CASES WHEN THE RECIPIENT IS ACTING AS AN AGENT.

23 (B) A RETAIL DEALER SHALL NOT KNOWINGLY SELL MORE THAN ONE THOUSAND  
24 CIGARETTES TO ANY PERSON IN ANY SERIES OF TRANSACTIONS IN ANY TWO-DAY  
25 PERIOD WITHOUT FILING A REPORT AS REQUIRED BY PARAGRAPH (A) OF THIS  
26 SUBDIVISION.

27 S 8. Subdivisions 1 and 4 of section 474 of the tax law, as amended by  
28 chapter 61 of the laws of 1989, are amended to read as follows:

29 1. (A) Every person who shall possess or transport any unstamped ciga-  
30 rettes upon the public highways, roads or streets of the state, shall be  
31 required to have in his OR HER actual possession invoices or delivery  
32 tickets for such cigarettes. Such invoices or delivery tickets shall  
33 show the name and address of the consignor or seller, the name and  
34 address of the consignee or purchaser, the quantity [and brands] BY  
35 BRAND STYLE of the cigarettes transported, and the name and address of  
36 the person who has or shall assume the payment of the tax. The absence  
37 of such invoices or delivery tickets shall be prima facie evidence that  
38 such person is a dealer in cigarettes in this state and subject to the  
39 provisions of this article.

40 (B) ANY PERSON WHO SHIPS UNSTAMPED CIGARETTE PACKAGES INTO THIS STATE  
41 OTHER THAN TO A LICENSED MANUFACTURER, IMPORTER OR AGENT SHALL FIRST  
42 FILE WITH THE COMMISSIONER NOTICE OF SUCH SHIPMENT. THIS PARAGRAPH SHALL  
43 NOT APPLY TO ANY COMMON OR CONTRACT CARRIER THAT IS TRANSPORTING CIGA-  
44 RETTES THROUGH THIS STATE TO ANOTHER LOCATION UNDER A PROPER BILL OF  
45 LADING OR FREIGHT BILL, WHICH STATES THE QUANTITY BY BRAND STYLE,  
46 SOURCE, AND DESTINATION OF SUCH CIGARETTES.

47 4. At the time of delivering cigarettes to any person each MANUFACTUR-  
48 ER, IMPORTER, agent or wholesale dealer, and at the time of delivering  
49 tobacco products to any person each distributor or wholesale dealer of  
50 tobacco products, shall make a true duplicate invoice showing the date  
51 of delivery, the number of packages BY BRAND STYLE and number of ciga-  
52 rettes contained therein, in each shipment of cigarettes delivered, and  
53 the items and quantity and wholesale price of each item in each shipment  
54 of tobacco products delivered, and the name of the purchaser to whom  
55 delivery is made, and shall retain the same for a period of [three] FIVE  
56 years subject to the use and inspection of the commissioner [of taxation

1 and finance]. Each dealer shall procure and retain invoices showing the  
2 number of packages BY BRAND STYLE and number of cigarettes contained  
3 therein, in each shipment of cigarettes received by him OR HER, and the  
4 items and quantity and wholesale price of each item in each shipment of  
5 tobacco products received by him OR HER, the date thereof, and the name  
6 of the shipper, and shall retain the same for a period of [three] FIVE  
7 years subject to the use and inspection of the commissioner [of taxation  
8 and finance]. The commissioner [of taxation and finance] by regulation  
9 may provide that whenever cigarettes or tobacco products are shipped  
10 into the state, the railroad company, express company, trucking company  
11 or other public carrier transporting any shipment thereof shall file  
12 with the commissioner [of taxation and finance] a copy of the freight  
13 bill within ten days after the delivery in the state of each shipment.  
14 All dealers shall maintain and keep for a period of [three] FIVE years  
15 such other records of cigarettes or tobacco products received, sold or  
16 delivered within the state as may be required by the commissioner [of  
17 taxation and finance]. The commissioner [of taxation and finance] is  
18 hereby authorized to examine the books, papers, invoices and other  
19 records of any person WHO HOLDS A LICENSE OR REGISTRATION UNDER THIS  
20 ARTICLE OR WHO IS in possession, control or occupancy of any premises  
21 where cigarettes or tobacco products are placed, stored, sold or offered  
22 for sale, and the equipment of any such person pertaining to the stamp-  
23 ing of cigarettes or the sale and delivery of cigarettes or tobacco  
24 products taxable under this article, as well as the stock of cigarettes  
25 or tobacco products in any such premises or vehicle. To verify the accu-  
26 racy of the tax imposed and assessed by this article, each such person  
27 is hereby directed and required to give to the commissioner [of taxation  
28 and finance] or his OR HER duly authorized representatives, the means,  
29 facilities and opportunity for such examinations as are [herein]  
30 provided for IN THIS SECTION and required. ALL INVOICES REQUIRED TO BE  
31 RETAINED BY THIS SECTION SHALL SHOW THE NAME AND ADDRESS OF THE SELLER  
32 AND THE QUANTITY BY BRAND STYLE OF THE CIGARETTES INVOLVED IN THE TRANS-  
33 ACTION AND SHALL BE ITEMIZED FOR EACH FACILITY OF THE MANUFACTURER,  
34 IMPORTER, AGENT OR WHOLESALE DEALER. RECORDS REQUIRED UNDER THIS ARTI-  
35 CLE SHALL BE PRESERVED ON THE PREMISES DESCRIBED IN THE RELEVANT LICENSE  
36 OR REGISTRATION IN SUCH A MANNER AS TO ENSURE PERMANENCY AND ACCESSIBIL-  
37 ITY FOR INSPECTION AT REASONABLE HOURS BY AUTHORIZED PERSONNEL OF THE  
38 TAX COMMISSION. WITH THE PERMISSION OF THE COMMISSIONER, PERSONS WITH  
39 MULTIPLE PLACES OF BUSINESS MAY RETAIN CENTRALIZED RECORDS, BUT SHALL  
40 TRANSMIT DUPLICATES OF THE INVOICES OR THE EQUIVALENT DOCUMENTATION TO  
41 EACH PLACE OF BUSINESS WITHIN TWENTY-FOUR HOURS UPON THE REQUEST OF THE  
42 COMMISSIONER.

43 THE COMMISSIONER AND HIS OR HER DESIGNEES AND THE UNITED STATES SECRE-  
44 TARY OF THE TREASURY OR HIS OR HER DESIGNEE, UPON REQUEST, SHALL HAVE  
45 ACCESS TO RECORDS REQUIRED UNDER THIS SECTION AND REPORTS REQUIRED UNDER  
46 SECTION FOUR HUNDRED SEVENTY-FOUR-A OF THIS ARTICLE. THE COMMISSIONER AT  
47 HIS OR HER SOLE DISCRETION MAY SHARE THE RECORDS AND REPORTS REQUIRED BY  
48 THIS ARTICLE WITH OTHER LAW ENFORCEMENT OFFICIALS OF THE FEDERAL GOVERN-  
49 MENT OR OTHER STATES. PUBLIC ACCESS TO REPORTS SUBMITTED BY LICENSEES  
50 SHALL BE PROVIDED UNDER THE PROCEDURES ESTABLISHED BY THE NEW YORK FREE-  
51 DOM OF INFORMATION LAW. IN NO CASE, HOWEVER, SHALL INFORMATION ABOUT  
52 QUANTITIES OF CIGARETTES BY BRAND STYLE BE RELEASED TO ANYONE OTHER THAN  
53 THE COMMISSIONER, THE UNITED STATES SECRETARY OF THE TREASURY, OR OTHER  
54 STATE AND FEDERAL LAW ENFORCEMENT OFFICIALS WITH WHOM THE COMMISSIONER  
55 HAS ELECTED TO SHARE REPORTS AND RECORDS REQUIRED BY THIS ARTICLE.

1 S 9. The tax law is amended by adding a new section 474-a to read as  
2 follows:

3 S 474-A. REPORTS. 1. AGENTS AND DEALERS SHALL SUBMIT TO THE COMMIS-  
4 SIONER MONTHLY REPORTS SETTING FORTH THE FOLLOWING INFORMATION, ITEMIZED  
5 OR SUBMITTED SEPARATELY FOR EACH OF THEIR PLACES OF BUSINESS: (A) THE  
6 QUANTITIES OF CIGARETTES, BY BRAND STYLE, ON HAND BOTH AT THE BEGINNING  
7 AND ENDING OF THE REPORTING PERIOD;

8 (B) THE QUANTITIES OF CIGARETTES, BY BRAND STYLE AND TRANSACTION, THAT  
9 WERE RECEIVED DURING THE REPORTING PERIOD AND THE NAME AND ADDRESS OF  
10 EACH PERSON FROM WHOM THOSE PRODUCTS WERE RECEIVED;

11 (C) THE QUANTITIES OF CIGARETTES, BY BRAND STYLE AND TRANSACTION,  
12 DISTRIBUTED OR SHIPPED INTO THIS STATE OR BETWEEN LOCATIONS IN THIS  
13 STATE DURING THE REPORTING PERIOD (OTHER THAN SALES DIRECTLY TO CONSUM-  
14 ERS) AND THE NAME AND ADDRESS OF EACH PERSON TO WHOM THOSE PRODUCTS WERE  
15 DISTRIBUTED OR SHIPPED;

16 (D) THE QUANTITIES OF CIGARETTES, BY BRAND STYLE AND TRANSACTION,  
17 DISTRIBUTED OR SHIPPED TO ANY DESTINATION WHEREVER LOCATED, INCLUDING  
18 THE QUANTITIES REPORTED UNDER PARAGRAPH (C) OF THIS SUBDIVISION, DURING  
19 THE REPORTING PERIOD (OTHER THAN SALES DIRECTLY TO CONSUMERS) AND THE  
20 NAME AND ADDRESS OF EACH PERSON TO WHOM THOSE PRODUCTS WERE DISTRIBUTED  
21 OR SHIPPED; AND

22 (E) THE QUANTITIES OF CIGARETTES, BY BRAND STYLE, SOLD TO CONSUMERS,  
23 ITEMIZED TO SHOW SALES TO CONSUMERS IN THIS STATE AND SALES TO CONSUMERS  
24 OUTSIDE OF THIS STATE.

25 2. MANUFACTURERS AND IMPORTERS SHIPPING CIGARETTES INTO OR WITHIN THIS  
26 STATE SHALL FILE A MONTHLY REPORT WITH THE COMMISSIONER CONTAINING THE  
27 INFORMATION REGARDING SUCH CIGARETTES SET FORTH IN PARAGRAPH (C) OF  
28 SUBDIVISION ONE OF THIS SECTION.

29 3. INDIAN TRIBAL ENTITIES ENGAGED IN THE RETAIL SALE OR DISTRIBUTION  
30 OF CIGARETTES SHALL INCLUDE IN SUCH ENTITIES' REPORTS SUBMITTED PURSUANT  
31 TO SUBDIVISION ONE OF THIS SECTION THE NAMES AND ADDRESSES OF EVERY  
32 TRIBAL MEMBER THAT PURCHASED CIGARETTES DURING THE REPORTING PERIOD AND  
33 THE QUANTITY OF CIGARETTES, BY BRAND STYLE, PURCHASED BY EACH SUCH  
34 TRIBAL MEMBER.

35 4. THE REPORTS SUBMITTED PURSUANT TO SUBDIVISION ONE OF THIS SECTION  
36 SHALL BE FURTHER ITEMIZED TO DISCLOSE THE QUANTITY OF REPORTED CIGA-  
37 RETTES BEARING TAX STAMPS OF THIS STATE, TAX EXEMPT STAMPS OF THIS  
38 STATE, STAMPS OF ANOTHER STATE, AND UNSTAMPED CIGARETTES. AGENT REPORTS  
39 SHALL INCLUDE, IF APPLICABLE, THE QUANTITY OF NEW YORK TAX AND TAX  
40 EXEMPT STAMPS THAT WERE NOT AFFIXED TO CIGARETTES AND THAT WERE ON HAND  
41 AT THE BEGINNING AND ENDING OF THE REPORTING PERIOD, THE QUANTITY OF  
42 EACH TYPE OF NEW YORK STAMP RECEIVED DURING THE REPORTING PERIOD, AND  
43 THE QUANTITY OF EACH TYPE OF NEW YORK STAMP APPLIED DURING THE REPORTING  
44 PERIOD.

45 5. THE COMMISSIONER MAY ISSUE REGULATIONS REQUIRING SUCH ADDITIONAL  
46 INFORMATION IN THE MONTHLY REPORTS AS HE OR SHE MAY DETERMINE IS NECES-  
47 SARY OR APPROPRIATE FOR PURPOSES OF ENFORCING THE PROVISIONS OF THIS  
48 ARTICLE.

49 S 10. Section 475 of the tax law is amended by adding a new closing  
50 paragraph to read as follows:

51 IN ANY CASE WHERE THE COMMISSIONER OR HIS OR HER DULY AUTHORIZED  
52 AGENT, OR ANY POLICE OR PEACE OFFICER OF NEW YORK STATE, HAS KNOWLEDGE  
53 OR REASONABLE GROUNDS TO BELIEVE THAT ANY VEHICLE IS TRANSPORTING CIGA-  
54 RETTES IN VIOLATION OF THIS ARTICLE, THE COMMISSIONER, SUCH AGENT, OR  
55 SUCH POLICE OR PEACE OFFICER, IS AUTHORIZED TO STOP SUCH VEHICLE AND TO  
56 INSPECT THE SAME FOR CONTRABAND CIGARETTES.

1 S 11. Section 476 of the tax law, as amended by chapter 61 of the laws  
2 of 1989, is amended to read as follows:  
3 S 476. Refunds; sales of stamps. Whenever any cigarettes upon which  
4 stamps have been placed or tobacco products upon which the tax has been  
5 paid have been sold and shipped into another state for sale or use there  
6 or have become unfit for use and consumption or unsalable, or have been  
7 destroyed (EXCEPT FOR CIGARETTES DESTROYED PURSUANT TO SECTION EIGHTEEN  
8 HUNDRED FORTY-SIX OF THIS CHAPTER), or whenever the commissioner [of  
9 taxation and finance] shall have determined that any tax imposed by this  
10 article shall have been paid in error, the agent, dealer or tobacco  
11 products distributor, as the case may be, shall be entitled to a refund  
12 of the actual amount of tax so paid, provided application therefor is  
13 filed with the commissioner [of taxation and finance] within two years  
14 after the stamps were affixed to such cigarettes or the tax was paid  
15 upon such tobacco products, except if an agreement under the provisions  
16 of section four hundred seventy-eight OF THIS ARTICLE (extending the  
17 period for determination of tax imposed by this article) is made within  
18 the two-year period for the filing of an application for refund provided  
19 for in this section, the period for filing an application for refund  
20 shall not expire prior to six months after the expiration of the period  
21 within which a determination may be made pursuant to the agreement or  
22 any extension thereof. If the commissioner [of taxation and finance] is  
23 satisfied that any AGENT OR dealer is entitled to a refund he OR SHE  
24 shall issue to such [dealer] AGENT stamps of sufficient value to cover  
25 the refund of the tax on cigarettes or may, subject to audit by the  
26 comptroller, make a refund of the tax on cigarettes or on tobacco  
27 products TO SUCH AGENT. No person shall sell or offer for sale any stamp  
28 or stamps issued under this article except by written permission of the  
29 commissioner [of taxation and finance]. The commissioner [of taxation  
30 and finance] may redeem unused stamps lawfully in possession of any  
31 [person] AGENT. The commissioner [of taxation and finance] may prescribe  
32 necessary rules and regulations concerning refunds, sales of stamps, and  
33 redemptions under the provisions of this article.

34 S 12. Subdivisions 1, 5 and paragraph (a) of subdivision 6 of section  
35 480 of the tax law, subdivision 1 as amended by chapter 629 of the laws  
36 of 1996, paragraph (k) of subdivision 1 as amended by chapter 262 of the  
37 laws of 2000, subdivision 5 as added by chapter 860 of the laws of 1987  
38 and paragraph (a) of subdivision 6 as amended by chapter 576 of the laws  
39 of 1994, are amended, subdivision 3 is amended by adding a new paragraph  
40 (c) and a new subdivision 7 is added to read as follows:  
41 1. General. (a) [On and after July first, nineteen hundred thirty-nine  
42 no] NO person shall be a MANUFACTURER, IMPORTER, AGENT, OR wholesale  
43 dealer unless he OR SHE has been granted and publicly displays in his OR  
44 HER place of business a license from the department FOR EACH SUCH ACTIV-  
45 ITY ENGAGED IN. EACH PLACE OF BUSINESS IN THIS STATE SHALL BE SEPARATELY  
46 LICENSED. IF THE APPLICANT DOES NOT HAVE A PLACE OF BUSINESS IN THIS  
47 STATE, THE LICENSE SHALL BE ISSUED FOR SUCH APPLICANT'S PRINCIPAL PLACE  
48 OF BUSINESS, WHEREVER LOCATED. Applications for licenses shall be made  
49 on forms prescribed by the commissioner. EACH APPLICATION SHALL STATE  
50 THE NAME AND ADDRESS OF THE APPLICANT; THE ADDRESS OF THE APPLICANT'S  
51 PRINCIPAL PLACE OF BUSINESS; EACH PLACE OF BUSINESS WHERE THE APPLI-  
52 CANT'S BUSINESS WILL BE CONDUCTED WITHIN THIS STATE; AND ANY OTHER  
53 INFORMATION SUCH COMMISSIONER MAY REQUIRE. IF THE APPLICANT IS A FIRM,  
54 PARTNERSHIP, OR ASSOCIATION, THE APPLICATION SHALL STATE THE NAME AND  
55 ADDRESS OF EACH OF ITS MEMBERS. IF THE APPLICANT IS A CORPORATION, THE  
56 APPLICATION SHALL STATE THE NAME AND ADDRESS OF EACH OF ITS MEMBERS. IF

1 THE APPLICANT IS A CORPORATION, THE APPLICATION SHALL STATE THE NAME AND  
2 ADDRESS OF EACH OF ITS OFFICERS AND THE NAME OF ANY PERSON WHO OWNS,  
3 DIRECTLY OR INDIRECTLY, IN THE AGGREGATE, MORE THAN TEN PERCENT OF THE  
4 OWNERSHIP INTERESTS IN THE CORPORATION.

5 (b) Applications shall be accompanied by proof of the applicant's  
6 financial responsibility, including, but not limited to, satisfactory  
7 proof of a minimum net worth of twenty-five thousand dollars if the  
8 applicant is an individual, or net worth in the capitalization of the  
9 business if the applicant is not an individual equal to a minimum of  
10 twenty-five thousand dollars.

11 (c) Each applicant shall file with the department a bond issued by a  
12 surety company approved by the superintendent of insurance as to solven-  
13 cy and responsibility and authorized to transact business in the state,  
14 in the face amount of ten thousand dollars, to secure payment of any  
15 sums due for any violation of THIS article [twenty] or article twenty-A  
16 of this chapter, or the regulations of the commissioner thereunder.

17 (d) [Each applicant shall file satisfactory proof that it will main-  
18 tain a secure separate warehousing facility for the purpose of receiving  
19 and distributing cigarettes or tobacco products and conducting its  
20 wholesale business. Such proof shall consist of a copy of a deed, or a  
21 copy of an executed lease for a minimum period of two years, to a sepa-  
22 rate, secure warehouse. If the applicant carries on another business in  
23 conjunction with the warehouse facility, the other business shall also  
24 be identified.

25 (e) Each applicant shall file satisfactory proof that it will provide  
26 disability and workers' compensation insurance for its employees.

27 [(f)] (E) Each applicant shall submit proof of United States citizen-  
28 ship or eligibility to obtain employment within the United States if not  
29 a citizen. If the applicant is not an individual, such proof shall be  
30 submitted with respect to each controlling person of the applicant.

31 [(g)] (F) The fee for the filing of an application for a license shall  
32 be fifteen hundred dollars, unless such fee has been paid during the  
33 preceding twelve months, in which case, the fee for a new license shall  
34 be one thousand dollars. Each application shall be accompanied by a  
35 certified check for the required application fee.

36 [(h)] (G) Except as provided in subdivision four of this section, a  
37 license shall continue in effect [until revoked or suspended for cause  
38 or surrendered] FOR SUCH LENGTH OF TIME AS DETERMINED BY REGULATIONS OF  
39 THE COMMISSIONER; IN NO CASE, HOWEVER, SHALL A LICENSE ISSUED UNDER THIS  
40 SECTION REMAIN IN EFFECT FOR A PERIOD LONGER THAN THREE YEARS.

41 [(i)] (H) A license shall not be assignable but an applicant who is  
42 purchasing the business of a licensee shall file a copy of the contract  
43 of sale and any related documents with its application.

44 [(j)] (I) The commissioner may for cause refuse to issue, or may  
45 suspend or revoke [a wholesaler's] ANY license UNDER THIS SECTION, or  
46 may forbid a retail dealer to continue selling cigarettes or tobacco  
47 products or may forbid a person required to be appointed as a distribu-  
48 tor of tobacco products who has not been so appointed from selling ciga-  
49 rettes or tobacco products, after an opportunity for hearing has been  
50 afforded. A violation of any provision of this article or of any regu-  
51 lation issued under it shall be cause to SUSPEND OR REVOKE A LICENSE  
52 ISSUED UNDER THIS SECTION OR TO forbid a retail dealer to continue sell-  
53 ing cigarettes or tobacco products.

54 [(k)] (J) No agent shall sell cigarettes and no distributor shall sell  
55 tobacco products to an unlicensed wholesale dealer, or to a wholesale  
56 dealer whose license has been suspended or revoked, or to a retail deal-

1 er who is not registered under section four hundred eighty-a of this  
2 article, or whose registration has been suspended or revoked, and no  
3 wholesale dealer shall sell cigarettes or tobacco products to a retail  
4 dealer who is not registered under section four hundred eighty-a of this  
5 article, or whose registration has been suspended or revoked, and no  
6 retail dealer shall sell cigarettes or tobacco products unless such  
7 dealer is registered under section four hundred eighty-a of this arti-  
8 cle.

9 [(1)] (K) Paragraphs (b), (c) and [(g)] (F) of this subdivision shall  
10 not apply to the filing of an application for a license as a wholesale  
11 dealer that is based solely upon the ownership, operation or maintenance  
12 of one or more cigarette or tobacco products vending machines in, at or  
13 upon premises owned or occupied by another person, or that is based  
14 solely upon the sale of tobacco products for resale, or that is based  
15 upon both the ownership, operation or maintenance of one or more ciga-  
16 rette or tobacco products vending machines in, at or upon premises owned  
17 or occupied by another person and the sale of tobacco products for  
18 resale.

19 (C) LICENSE AVAILABILITY. NOTWITHSTANDING OTHER SUBDIVISIONS OF THIS  
20 SECTION, NO LICENSE SHALL BE GRANTED, MAINTAINED OR RENEWED IF THE  
21 APPLICANT OR ANY CONTROLLING PERSON:

22 (I) OWES FIVE HUNDRED DOLLARS OR MORE IN DELINQUENT CIGARETTE TAXES;

23 (II) HAD A LICENSE UNDER THIS SECTION OR REGISTRATION UNDER SECTION  
24 FOUR HUNDRED EIGHTY-A OF THIS ARTICLE REVOKED BY THE COMMISSIONER WITHIN  
25 THE PAST TWO YEARS;

26 (III) HAS BEEN CONVICTED OF A CRIME RELATING TO STOLEN OR COUNTERFEIT  
27 CIGARETTES;

28 (IV) IS A CIGARETTE MANUFACTURER OR IMPORTER THAT IS NEITHER (A) A  
29 PARTICIPATING MANUFACTURER (AS SUCH TERM IS DEFINED IN SUBSECTION II(JJ)  
30 OF THE MASTER SETTLEMENT AGREEMENT, AS REQUIRED IN SUBDIVISION ONE OF  
31 SECTION THIRTEEN HUNDRED NINETY-NINE-PP OF THE PUBLIC HEALTH LAW; NOR  
32 (B) IN FULL COMPLIANCE WITH SECTION FOUR HUNDRED EIGHTY-B OF THIS ARTI-  
33 CLE AND SUBDIVISION TWO OF SECTION THIRTEEN HUNDRED NINETY-NINE-PP OF  
34 THE PUBLIC HEALTH LAW;

35 (V) HAS IMPORTED, OR CAUSED TO BE IMPORTED, INTO THE UNITED STATES ANY  
36 CIGARETTE IN VIOLATION OF 19 U.S.C. 1681A; OR

37 (VI) HAS IMPORTED, OR CAUSED TO BE IMPORTED INTO THE UNITED STATES, OR  
38 MANUFACTURED FOR SALE OR DISTRIBUTION IN THE UNITED STATES ANY CIGARETTE  
39 THAT DOES NOT FULLY COMPLY WITH THE FEDERAL CIGARETTE LABELING AND  
40 ADVERTISING ACT (15 U.S.C. 1331, ET SEQ.).

41 5. Hearing procedure. (a) General. A notice of proposed cancellation  
42 or suspension of a license or refusal to issue a license shall be given  
43 to [the wholesale dealer] ANY PERSON licensed pursuant to this article  
44 or to an applicant applying for such license in the manner prescribed  
45 for a notice of deficiency of tax and all the provisions applicable to a  
46 notice of deficiency under article twenty-seven of this chapter, includ-  
47 ing, but not limited to, those provisions authorizing the [tax commis-  
48 sion] COMMISSIONER to abate on its own motion, shall apply to a notice  
49 issued pursuant to this subdivision, insofar as such provisions can be  
50 made applicable to a notice authorized by this subdivision, with such  
51 modifications as may be necessary in order to adapt the language of such  
52 provisions to the notice authorized by this subdivision. Such notice of  
53 proposed cancellation or suspension or of proposed refusal to license  
54 must be given to such person within five years from the date of the act  
55 or omission referred to in subdivision two or three of this section,  
56 except that in the case of acts involving falsity or fraud, such notice

1 may be issued at any time. All of such notices shall contain a statement  
2 advising the person to whom it is issued that the cancellation, suspen-  
3 sion or refusal to license may be challenged through a hearing process  
4 and that the petition for such challenge must be filed with the [tax  
5 commission] COMMISSIONER within ninety days after the giving of such  
6 notice. Where a license is cancelled or suspended prior to a hearing,  
7 the cancellation or suspension may be challenged through the hearing  
8 process provided the petition for such challenge is filed within ninety  
9 days after the giving of notice of such cancellation or suspension.

10 (b) Refusal to license. In the case of a person applying to be  
11 licensed [as a wholesale dealer] UNDER THIS ARTICLE, a notice of  
12 proposed refusal to license shall be issued promptly after application  
13 for license is received by the [tax commission] COMMISSIONER. Upon  
14 timely application therefor, a hearing shall be scheduled, and within  
15 three months from such application for hearing (determined with regard  
16 to any postponements of any scheduled hearing or conference or other  
17 delay made at the request of the applicant) the [tax commission] COMMIS-  
18 SIONER shall issue a notice of refusal to license or shall license the  
19 applicant. If the [tax commission] COMMISSIONER fails to issue a notice  
20 of refusal to license within such three month period (or such period as  
21 extended pursuant to this paragraph), the [tax commission] COMMISSIONER  
22 shall license the applicant immediately upon the conclusion of such  
23 period so long as the applicant has filed a bond or other security as  
24 required by the tax [commission] COMMISSIONER.

25 (a) An officer, director or partner or, in the case of a limited  
26 liability company, a member or a person having with respect to such  
27 limited liability company authority analogous to that of an officer or  
28 director with respect to a corporation of an applicant for a [wholesale  
29 dealer's] license UNDER THIS ARTICLE or of a licensee under this arti-  
30 cle, or

31 7. MAINTENANCE OF LIST OF LICENSEES. THE COMMISSIONER SHALL CREATE AND  
32 MAINTAIN A WEBSITE SETTING FORTH THE IDENTITY OF PERSONS HOLDING VALID  
33 AND CURRENT LICENSES UNDER THIS SECTION, ITEMIZED BY TYPE OF LICENSE  
34 POSSESSED, AND THE IDENTITY OF PERSONS HOLDING VALID AND CURRENT REGIS-  
35 TRATIONS UNDER SECTION FOUR HUNDRED EIGHTY-A OF THIS ARTICLE, AND SHALL  
36 UPDATE THE SITE NO LESS FREQUENTLY THAN ONCE PER MONTH.

37 S 13. Paragraph (d) of subdivision 1, subdivision 3 and paragraph (a)  
38 of subdivision 4 of section 480-a of the tax law, paragraph (d) of  
39 subdivision 1 as added by chapter 799 of the laws of 1992, subdivision 3  
40 as amended by chapter 262 of the laws of 2000 and paragraph (a) of  
41 subdivision 4 as added by chapter 629 of the laws of 1996, are amended  
42 to read as follows:

43 (d) (i) The commissioner shall not register retail dealers OR VENDING  
44 MACHINES or such registration may be cancelled or suspended by the  
45 commissioner upon notification that the applicant or retail dealer, OR  
46 ANY COMBINATION OF PERSONS OWNING DIRECTLY OR INDIRECTLY, IN THE AGGRE-  
47 GATE, MORE THAN TEN PERCENT OF THE OWNERSHIP INTERESTS IN THE APPLICANT  
48 OR RETAIL DEALER has been convicted in a criminal proceeding of a  
49 violation of subdivision [five] THREE of section [260.20] 260.21 of the  
50 penal law or as directed by an enforcement officer pursuant to article  
51 thirteen-F of the public health law. The clerk of the court shall  
52 promptly report all criminal convictions under subdivision [five] THREE  
53 of section [260.20] 260.21 of the penal law to the commissioner, togeth-  
54 er with a direction to the commissioner to cancel such registration or  
55 to suspend it for a specified period of time.

1 (II) THE COMMISSIONER SHALL NOT REGISTER RETAIL DEALERS OR VENDING  
2 MACHINES OR SUCH REGISTRATION SHALL BE CANCELLED OR SUSPENDED BY THE  
3 COMMISSIONER UPON NOTIFICATION THAT THE APPLICANT OR RETAIL DEALER, OR  
4 ANY COMBINATION OF PERSONS OWNING DIRECTLY OR INDIRECTLY, IN THE AGGRE-  
5 GATE, MORE THAN TEN PERCENT OF THE OWNERSHIP INTERESTS IN THE APPLICANT  
6 OR RETAIL DEALER:

7 (A) OWES FIVE HUNDRED DOLLARS OR MORE IN DELINQUENT CIGARETTE TAXES;

8 (B) HAD A REGISTRATION ISSUED UNDER THIS SECTION OR A LICENSE ISSUED  
9 UNDER SECTION FOUR HUNDRED EIGHTY OF THIS ARTICLE REVOKED BY THE COMMIS-  
10 SIONER WITHIN THE PAST TWO YEARS; OR

11 (C) HAS BEEN CONVICTED OF A CRIME RELATING TO COUNTERFEIT CIGARETTES.

12 Anything to the contrary in any law notwithstanding, retail dealers  
13 shall have no right to a hearing under this chapter and shall have no  
14 right to commence a court action or proceeding or to any other legal  
15 recourse against the commissioner with respect to any action taken by  
16 the commissioner under this paragraph, provided nothing herein shall be  
17 construed to deny retail dealers a hearing under article thirteen-F of  
18 the public health law or to prohibit retail dealers from commencing a  
19 court action or proceeding against an enforcement officer as defined in  
20 section thirteen hundred ninety-nine-aa of the public health law.

21 [(ii)] (III) Anything to the contrary in any law notwithstanding, the  
22 commissioner shall provide upon request to an enforcement officer as  
23 defined in section thirteen hundred ninety-nine-aa of the public health  
24 law such registration information as is relevant and necessary for the  
25 implementation of article thirteen-F of the public health law.

26 3. In addition to any other penalty imposed by this chapter: (a) Any  
27 retail dealer who violates the provisions of this section shall, after  
28 due notice and an opportunity for a hearing, for a first violation be  
29 liable for a civil fine [not less than] OF five [hundred dollars but not  
30 to exceed two] thousand dollars and for a second or subsequent violation  
31 within three years following a prior finding of violation be liable for  
32 a civil fine [not less than one] OF TEN thousand dollars [but not to  
33 exceed three thousand five hundred dollars]; or

34 (b) Any person who owns or, if the owner is not the operator, then any  
35 person who operates one or more vending machines through which ciga-  
36 rettes or tobacco products are sold in this state and who violates the  
37 provisions of this section shall, after due notice and an opportunity  
38 for a hearing, for a first violation be liable for a civil fine [not  
39 less than seventy-five dollars but not to exceed two hundred] OF FIVE  
40 THOUSAND dollars and for a second or subsequent violation within three  
41 years following a prior finding of violation be liable for a civil fine  
42 [not less than two hundred dollars but not to exceed six hundred] OF TEN  
43 THOUSAND dollars.

44 (a) If a retail dealer possesses or sells unstamped or unlawfully  
45 stamped packages of cigarettes, [or if a retail dealer is also licensed  
46 as an agent pursuant to section four hundred seventy-two and it  
47 possesses unlawfully stamped packages of cigarettes or sells unstamped  
48 or unlawfully stamped packages of cigarettes at retail,] (i) its regis-  
49 tration shall be suspended for a period of not more than six months, or  
50 (ii) for a second such possession or sale within a period of five years,  
51 its registration shall be suspended for a period of up to thirty-six  
52 months, or (iii) for a third such possession or sale within a period of  
53 five years, its registration may be revoked for a period of up to five  
54 years. A retail dealer registration shall be suspended or revoked pursu-  
55 ant to this subdivision immediately upon such dealer's receipt of writ-  
56 ten notice of suspension or revocation from the commissioner. [If a

1 retail dealer sells cigarettes through more than one place of business  
2 in this state, the retail dealer registration shall not be suspended or  
3 revoked pursuant to this subdivision, but the certificate of registra-  
4 tion issued to the place of business, cart, stand, truck or other  
5 merchandising device where unstamped or unlawfully stamped cigarettes  
6 were found shall be suspended or cancelled for possession or sale of  
7 unstamped or unlawfully stamped packages of cigarettes, as if such  
8 certificate of registration were a retail dealer registration. A suspen-  
9 sion or cancellation of a certificate of registration shall be treated  
10 as if it were a suspension or revocation of a registration. If unstamped  
11 or unlawfully stamped cigarettes are found in a retail dealer's ware-  
12 house, the] THE suspension or revocation of the retail dealer's regis-  
13 tration pursuant to this subdivision shall be applicable to each retail  
14 place of business in this state through which such retail dealer sells  
15 cigarettes. IF A RETAIL DEALER COMMITS ANY VIOLATION OTHER THAN THOSE  
16 DESCRIBED IN THIS SUBDIVISION OR SUBDIVISION ONE OF THIS SECTION, THE  
17 COMMISSIONER MAY SUSPEND OR REVOKE THE RETAIL DEALER'S REGISTRATION.

18 S 14. Subdivision 5 of section 480-a of the tax law is REPEALED.

19 S 15. Subparagraph (v) of paragraph (a) of subdivision 1 and paragraph  
20 (b) of subdivision 2 of section 481 of the tax law, subparagraph (v) of  
21 paragraph (a) of subdivision 1 as amended by chapter 65 of the laws of  
22 1985 and paragraph (b) of subdivision 2 as amended by chapter 61 of the  
23 laws of 1989, are amended, subdivision 4 is renumbered subdivision 9 and  
24 five new subdivisions 4, 5, 6, 7 and 8 are added to read as follows:

25 (v) The penalties and interest provided for in this paragraph, IN  
26 ADDITION TO ANY OTHER PENALTY IMPOSED BY THIS ARTICLE, shall be deter-  
27 mined, assessed, collected and paid in the same manner as the taxes  
28 imposed by this article and shall be disposed of as [hereinafter]  
29 provided IN THIS SUBDIVISION with respect to moneys derived from the  
30 tax. Interest under this paragraph shall be compounded daily.

31 (b) Nothing in this section shall apply to common or contract carriers  
32 or warehousemen while engaged in lawfully transporting [or storing]  
33 tobacco products or unstamped packages of cigarettes as merchandise  
34 THROUGH THIS STATE TO ANOTHER LOCATION UNDER A PROPER BILL OF LADING OR  
35 FREIGHT BILL, OR STORING TOBACCO PRODUCTS OR UNSTAMPED CIGARETTES ON  
36 BEHALF OF A LICENSED AGENT, nor to any employee of such carrier or ware-  
37 houseman acting within the scope of his OR HER employment, nor to public  
38 officers or employees in the performance of their official duties  
39 requiring possession or control of tobacco products or unstamped or  
40 unlawfully stamped packages of cigarettes, nor to temporary incidental  
41 possession by employees or agents of persons lawfully entitled to  
42 possession, nor to persons whose possession is for the purpose of aiding  
43 police officers in performing their duties.

44 4. WHOEVER OMITTS, NEGLECTS, OR REFUSES TO COMPLY WITH ANY DUTY IMPOSED  
45 UPON HIM OR HER BY THIS ARTICLE, OR TO DO, OR CAUSE TO BE DONE, ANY OF  
46 THE THINGS REQUIRED BY THIS ARTICLE, OR DOES ANYTHING PROHIBITED BY THIS  
47 ARTICLE, SHALL, IN ADDITION TO ANY OTHER PENALTY PROVIDED IN THIS ARTI-  
48 CLE OR ARTICLE THIRTY-SEVEN OF THIS CHAPTER, BE LIABLE TO A PENALTY OF  
49 FIVE THOUSAND DOLLARS OR FIVE TIMES THE RETAIL VALUE OF THE CIGARETTES  
50 INVOLVED, WHICHEVER IS GREATER, TO BE RECOVERED, WITH COSTS OF SUIT, IN  
51 A CIVIL ACTION.

52 5. WHOEVER FAILS TO PAY ANY TAX IMPOSED BY THIS ARTICLE AT THE TIME  
53 PRESCRIBED BY LAW OR REGULATIONS, SHALL, IN ADDITION TO ANY OTHER PENAL-  
54 TY PROVIDED IN THIS ARTICLE, BE LIABLE TO A PENALTY OF FIVE TIMES THE  
55 TAX DUE BUT UNPAID.

1 6. ALL CIGARETTES WHICH ARE HELD FOR SALE, DISTRIBUTION OR USE WITHIN  
2 THE BORDERS OF THIS STATE IN VIOLATION OF THE REQUIREMENTS OF THIS ARTI-  
3 CLE SHALL BE FORFEITED TO THE STATE.

4 7. (A) WHOEVER, WITH INTENT TO DEFRAUD THIS STATE, FAILS TO COMPLY  
5 WITH ANY REQUIREMENT OF THIS ARTICLE OR REGULATIONS PRESCRIBED PURSUANT  
6 TO THIS ARTICLE SHALL, FOR EACH SUCH OFFENSE, IN ADDITION TO ANY OTHER  
7 PENALTY PROVIDED IN THIS ARTICLE OR ARTICLE THIRTY-SEVEN OF THIS CHAP-  
8 TER, BE FINED TEN THOUSAND DOLLARS OR BE IMPRISONED FOR NOT MORE THAN  
9 FIVE YEARS, OR BOTH.

10 (B) WHOEVER KNOWINGLY VIOLATES ANY PROVISION OF THIS ARTICLE OR OF  
11 REGULATIONS PRESCRIBED PURSUANT TO THIS ARTICLE SHALL, FOR EACH SUCH  
12 OFFENSE, IN ADDITION TO ANY OTHER PENALTY PROVIDED IN THIS ARTICLE, BE  
13 FINED NOT MORE THAN FIVE THOUSAND DOLLARS OR FIVE TIMES THE RETAIL VALUE  
14 OF THE CIGARETTES INVOLVED, WHICHEVER IS GREATER, OR IMPRISONED NOT MORE  
15 THAN ONE YEAR, OR BOTH.

16 8. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE SALE OR POSSESSION  
17 FOR SALE OF COUNTERFEIT CIGARETTES BY A MANUFACTURER, IMPORTER, AGENT,  
18 OR DEALER SHALL RESULT IN THE SEIZURE OF THE PRODUCT AND RELATED MACHIN-  
19 ERY BY THE COMMISSIONER OR ANY LAW ENFORCEMENT AGENCY AND SHALL BE  
20 PUNISHABLE AS FOLLOWS: (A) A FIRST VIOLATION WITH A TOTAL QUANTITY OF  
21 LESS THAN TWO CARTONS OF CIGARETTES SHALL BE PUNISHABLE BY A FINE OF ONE  
22 THOUSAND DOLLARS OR FIVE TIMES THE RETAIL VALUE OF THE CIGARETTES  
23 INVOLVED, WHICHEVER IS GREATER, OR IMPRISONMENT NOT TO EXCEED FIVE  
24 YEARS, OR BOTH.

25 (B) A SUBSEQUENT VIOLATION WITH A TOTAL QUANTITY OF LESS THAN TWO  
26 CARTONS OF CIGARETTES SHALL BE PUNISHABLE BY A FINE OF FIVE THOUSAND  
27 DOLLARS OR FIVE TIMES THE RETAIL VALUE OF THE CIGARETTES INVOLVED,  
28 WHICHEVER IS GREATER, OR IMPRISONMENT NOT TO EXCEED FIVE YEARS, OR BOTH,  
29 AND SHALL ALSO RESULT IN THE REVOCATION BY SUCH COMMISSIONER OF THE  
30 MANUFACTURER, IMPORTER, AGENT, OR DEALER LICENSE.

31 (C) A FIRST VIOLATION WITH A TOTAL QUANTITY OF TWO CARTONS OF CIGA-  
32 RETTES OR MORE SHALL BE PUNISHABLE BY A FINE OF TWO THOUSAND DOLLARS OR  
33 FIVE TIMES THE RETAIL VALUE OF THE CIGARETTES INVOLVED, WHICHEVER IS  
34 GREATER, OR IMPRISONMENT NOT TO EXCEED FIVE YEARS, OR BOTH.

35 (D) A SUBSEQUENT VIOLATION WITH A QUANTITY OF TWO CARTONS OF CIGA-  
36 RETTES OR MORE SHALL BE PUNISHABLE BY A FINE OF FIFTY THOUSAND DOLLARS  
37 OR FIVE TIMES THE RETAIL VALUE OF THE CIGARETTES INVOLVED, WHICHEVER IS  
38 GREATER, OR IMPRISONMENT NOT TO EXCEED FIVE YEARS, OR BOTH, AND SHALL  
39 ALSO RESULT IN THE REVOCATION BY SUCH COMMISSIONER OF THE MANUFACTURER,  
40 IMPORTER, AGENT, OR DEALER LICENSE.

41 FOR PURPOSES OF THIS SUBDIVISION, COUNTERFEIT CIGARETTES INCLUDE CIGA-  
42 RETTES THAT HAVE FALSE MANUFACTURING LABELS OR PACKAGES OF CIGARETTES  
43 BEARING COUNTERFEIT TAX STAMPS. ANY COUNTERFEIT CIGARETTES SEIZED BY THE  
44 COMMISSIONER SHALL BE DESTROYED.

45 S 16. Subdivision (a) of section 1846 of the tax law, as amended by  
46 section 2 of part E of chapter 93 of the laws of 2002, is amended to  
47 read as follows:

48 (a) Whenever a police officer designated in section 1.20 of the crimi-  
49 nal procedure law or a peace officer designated in subdivision four of  
50 section 2.10 of such law, acting pursuant to his or her special duties,  
51 shall discover any cigarettes subject to tax provided by article twenty  
52 of this chapter or by chapter thirteen of title eleven of the adminis-  
53 trative code of the city of New York, and upon which the tax has not  
54 been paid or the stamps not affixed as required by such article or such  
55 chapter thirteen, OR ANY CIGARETTES OTHERWISE BEING POSSESSED OR HELD IN  
56 VIOLATION OF ARTICLE TWENTY OF THIS CHAPTER, they are hereby authorized

1 and empowered forthwith to seize and take possession of such cigarettes,  
2 together with any vending machine or receptacle in which they are held  
3 for sale. Such cigarettes, vending machine or receptacle seized by a  
4 police officer or such peace officer shall be turned over to the commis-  
5 sioner. Such seized cigarettes, vending machine or receptacle, not  
6 including money contained in such vending machine or receptacle, shall  
7 be forfeited to the state. The commissioner may, within a reasonable  
8 time thereafter, upon publication of a notice to such effect for at  
9 least five successive days, before the day of sale, in a newspaper  
10 published or circulated in the county where the seizure was made, sell  
11 such forfeited cigarettes and vending machines or receptacles at public  
12 sale and pay the proceeds into the state treasury to the credit of the  
13 general fund. Cigarettes so seized and sold shall be sold only to an  
14 agent under article twenty of this chapter and the notice of sale shall  
15 contain a provision to this effect. Notwithstanding any other provision  
16 of this section, the commissioner may enter into an agreement with any  
17 city of this state which is authorized to impose a tax similar to that  
18 imposed by article twenty of this chapter to provide for the disposition  
19 between the state and any such city of the proceeds from any such sale.

20 S 17. Section 1814 of the tax law, as added by chapter 65 of the laws  
21 of 1985, the section heading, subdivisions (c), (g) and (h) as amended  
22 and subdivision (j) as added by chapter 61 of the laws of 1989, para-  
23 graph 2 of subdivision (a) and paragraph 1 of subdivision (e) as amended  
24 by chapter 508 of the laws of 2004, subdivisions (d) and (e) as amended  
25 by chapter 262 of the laws of 2000 and subdivision (k) as added by chap-  
26 ter 190 of the laws of 1990, is amended to read as follows:

27 S 1814. Cigarette and tobacco products tax.--(a) Attempt to evade or  
28 defeat tax.--(1) Any person who willfully attempts in any manner to  
29 evade or defeat any tax imposed by article twenty of this chapter or the  
30 payment thereof shall, in addition to other penalties provided by law,  
31 be guilty of a [misdemeanor] CLASS E FELONY.

32 (2) Any person who willfully attempts in any manner to evade or defeat  
33 the taxes imposed by article twenty of this chapter or payment thereof  
34 on (i) ten thousand cigarettes or more (ii) twenty-two thousand cigars  
35 or more, or (iii) four hundred forty pounds of tobacco or more or has  
36 previously been convicted two or more times of a violation of paragraph  
37 one of this subdivision shall be guilty of a class [E] D felony.

38 (b) Willful failure to file a return or report, or pay tax.--Any  
39 person required under article twenty of this chapter to pay or make a  
40 return or report, who willfully fails to pay such tax or make such  
41 return or report, at the time or times so required, shall be guilty of a  
42 [misdemeanor] CLASS E FELONY.

43 (c) Fraudulent returns, reports, statements or other documents.--(1)  
44 Any person who willfully makes and subscribes any return, report, state-  
45 ment or other document which is required to be filed with or furnished  
46 to the commissioner [of taxation and finance] or to any person, pursuant  
47 to article twenty of this chapter, which he OR SHE does not believe to  
48 be true and correct as to every material matter shall be guilty of a  
49 [misdemeanor] CLASS D FELONY.

50 (2) Any person who willfully delivers or discloses to the commissioner  
51 [of taxation and finance] or to any person, pursuant to article twenty  
52 of this chapter, any list, return, report, account, statement or other  
53 document known by him OR HER to be fraudulent or to be false as to any  
54 material matter shall be guilty of a [misdemeanor] CLASS D FELONY.

55 (3) For purposes of this section, the omission by any person of any  
56 material matter with intent to deceive shall constitute the delivery or

1 disclosure of a document known by him OR HER to be fraudulent or to be  
2 false as to any material matter.

3 (d) Any person, other than an agent licensed by the commissioner, who  
4 possesses or transports for the purpose of sale any unstamped or unlaw-  
5 fully stamped packages of cigarettes subject to tax imposed by section  
6 four hundred seventy-one of this chapter, or who sells or offers for  
7 sale unstamped or unlawfully stamped packages of cigarettes in violation  
8 of the provisions of article twenty of this chapter shall be guilty of a  
9 [misdemeanor] CLASS E FELONY. Any person who violates the provisions of  
10 this subdivision after having previously been convicted of a violation  
11 of this subdivision within the preceding five years shall be guilty of a  
12 class [E] D felony.

13 (e) (1) Any person, other than an agent licensed by the commissioner,  
14 who willfully possesses or transports for the purpose of sale ten thou-  
15 sand or more cigarettes subject to the tax imposed by section four  
16 hundred seventy-one of this chapter in any unstamped or unlawfully  
17 stamped packages or who willfully sells or offers for sale ten thousand  
18 or more cigarettes in any unstamped or unlawfully stamped packages in  
19 violation of article twenty of this chapter shall be guilty of a class  
20 [E] D felony.

21 (2) Any person, other than an agent licensed by the commissioner, who  
22 willfully possesses or transports for the purpose of sale thirty thou-  
23 sand or more cigarettes subject to the tax imposed by section four  
24 hundred seventy-one of this chapter in any unstamped or unlawfully  
25 stamped packages or who willfully sells or offers for sale thirty thou-  
26 sand or more cigarettes in any unstamped or unlawfully stamped packages  
27 in violation of article twenty of this chapter shall be guilty of a  
28 class [D] C felony.

29 (f) For the purposes of this section, the possession or transportation  
30 within this state by any person, other than an agent, at any one time of  
31 five thousand or more cigarettes in unstamped or unlawfully stamped  
32 packages shall be presumptive evidence that such cigarettes are  
33 possessed or transported for the purpose of sale and are subject to the  
34 tax imposed by section four hundred seventy-one of this chapter. With  
35 respect to such possession or transportation any provisions of article  
36 twenty of this chapter providing for a time period during which a use  
37 tax imposed by such article may be paid on unstamped cigarettes or  
38 unlawfully or improperly stamped cigarettes or during which such ciga-  
39 rettes may be returned to an agent shall not apply. The possession with-  
40 in this state of more than four hundred cigarettes in unstamped or  
41 unlawfully stamped packages by any person other than an agent at any one  
42 time shall be presumptive evidence that such cigarettes are subject to  
43 tax as provided by article twenty of this chapter.

44 (g) Nothing in this section shall apply to common or contract carriers  
45 or warehousemen while engaged in lawfully transporting [or storing]  
46 TOBACCO PRODUCTS OR unstamped packages of cigarettes as merchandise  
47 THROUGH THIS STATE TO ANOTHER LOCATION UNDER A PROPER BILL OF LADING OR  
48 FREIGHT BILL, or [lawfully transporting or] storing tobacco products OR  
49 UNSTAMPED CIGARETTES ON BEHALF OF A LICENSED AGENT, nor to any employee  
50 of such carrier or warehouseman acting within the scope of his OR HER  
51 employment, nor to public officers or employees in the performance of  
52 their official duties requiring possession or control of unstamped or  
53 unlawfully stamped packages of cigarettes or possession or control of  
54 tobacco products, nor to temporary incidental possession by employees or  
55 agents of persons lawfully entitled to possession, nor to persons whose

1 possession is for the purpose of aiding police officers in performing  
2 their duties.

3 (h) Any willful act or omission, other than those described in subdi-  
4 vision (a), (b), (c), (d), (e), (f), (g), (i) or (j) of this section, by  
5 any person which constitutes a violation of any provision of article  
6 twenty of this chapter shall constitute a [misdemeanor] CLASS E FELONY.

7 (i) Any person who falsely or fraudulently makes, alters or counter-  
8 feits any stamp prescribed by the [tax commission] COMMISSIONER under  
9 the provisions of article twenty of this chapter, or causes or procures  
10 to be falsely or fraudulently made, altered or counterfeited any such  
11 stamp, or knowingly and willfully utters, purchases, passes or tenders  
12 as true any such false, altered or counterfeited stamp, or knowingly and  
13 willfully possesses any cigarettes in packages bearing any such false,  
14 altered or counterfeited stamp, and any person who knowingly and will-  
15 fully makes, causes to be made, purchases or receives any device for  
16 forging or counterfeiting any stamp, prescribed by the [tax commission]  
17 COMMISSIONER under the provisions of article twenty of this chapter, or  
18 who knowingly and willfully possesses any such device, shall be guilty  
19 of a class [E] D felony. For the purposes of this subdivision, the words  
20 "stamp prescribed by the [tax commission] COMMISSIONER" shall include a  
21 stamp, impression or imprint made by a metering machine, the design of  
22 which has been approved by such [commission] COMMISSIONER.

23 (j) (1) Any dealer, other than a distributor appointed by the commis-  
24 sioner [of taxation and finance] under article twenty of this chapter,  
25 who shall knowingly transport or have in his OR HER custody, possession  
26 or under his OR HER control more than ten pounds of tobacco or more than  
27 five hundred cigars upon which the taxes imposed by article twenty of  
28 this chapter have not been assumed or paid by a distributor appointed by  
29 the commissioner [of taxation and finance] under article twenty of this  
30 chapter, or other person treated as a distributor pursuant to section  
31 four hundred seventy-one-d of this chapter, shall be guilty of a misde-  
32 meanor punishable by a fine of not more than five thousand dollars or by  
33 a term of imprisonment not to exceed thirty days.

34 (2) Any person, other than a dealer or a distributor appointed by the  
35 commissioner [of taxation and finance] under article twenty of this  
36 chapter, who shall knowingly transport or have in his OR HER custody,  
37 possession or under his OR HER control more than fifteen pounds of  
38 tobacco or more than seven hundred fifty cigars upon which the taxes  
39 imposed by article twenty of this chapter have not been assumed or paid  
40 by a distributor appointed by the commissioner [of taxation and finance]  
41 under article twenty of this chapter, or other person treated as a  
42 distributor pursuant to section four hundred seventy-one-d of this chap-  
43 ter shall be guilty of a misdemeanor punishable by a fine of not more  
44 than five thousand dollars or by a term of imprisonment not to exceed  
45 thirty days.

46 (3) Any person, other than a distributor appointed by the commissioner  
47 [of taxation and finance] under article twenty of this chapter, who  
48 shall knowingly transport or have in his OR HER custody, possession or  
49 under his OR HER control twenty-five hundred or more cigars or fifty or  
50 more pounds of tobacco upon which the taxes imposed by article twenty of  
51 this chapter have not been assumed or paid by a distributor appointed by  
52 the commissioner [of taxation and finance] under article twenty of this  
53 chapter, or other person treated as a distributor pursuant to section  
54 four hundred seventy-one-d of this chapter shall be guilty of a misde-  
55 meanor. Provided further, that any person who has twice been convicted  
56 under this subdivision shall be guilty of a class E felony for any

1 subsequent violation of this section, regardless of the amount of tobac-  
2 co products involved in such violation.

3 (4) For purposes of this subdivision, such person shall knowingly  
4 transport or have in his OR HER custody, possession or under his OR HER  
5 control tobacco or cigars on which such taxes have not been assumed or  
6 paid by a distributor appointed by the commissioner [of taxation and  
7 finance] where such person has knowledge of the requirement of the tax  
8 on tobacco products and, where to his OR HER knowledge, such taxes have  
9 not been assumed or paid on such tobacco products by a distributor  
10 appointed by the commissioner [of taxation and finance].

11 (k) Any person who falsely or fraudulently makes, alters or counter-  
12 feits a registration certificate or sticker required under the  
13 provisions of section four hundred eighty-a of this chapter, or causes  
14 or procures to be falsely or fraudulently made, altered or counterfeited  
15 any such registration certificate or sticker, or knowingly and willfully  
16 utters, purchases, passes or tenders as true any such false, altered or  
17 counterfeited registration certificate or sticker, and any person who  
18 knowingly and willfully makes, causes to be made, purchases or receives  
19 any device for forging or counterfeiting any registration certificate or  
20 sticker required under the provisions of such section, or who knowingly  
21 and willfully possesses any such device, shall be guilty of a class [B  
22 misdemeanor] E FELONY.

23 S 18. Severability. If any provision of this act or the application of  
24 any provision of this act to any person or circumstance is held to be  
25 invalid, the remainder of this act and the application of the provisions  
26 of this act to any other person or circumstance shall not be affected  
27 thereby and shall continue to be enforced to the fullest extent possi-  
28 ble.

29 S 19. This act shall take effect on the ninetieth day after it shall  
30 have become a law.