

8054--B

2013-2014 Regular Sessions

I N   A S S E M B L Y

June 17, 2013

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Introduced by M. of A. CYMBROWITZ -- read once and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Ways and Means in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to increasing the presumed "cost of the agent" relating to cigarette marketing standards; and to amend the state finance law, in relation to establishing the cigarette tax enforcement account; and making an appropriation therefor

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

1     Section 1. Subparagraph (B) of paragraph 1 of subdivision (b) of  
2     section 483 of the tax law, as amended by chapter 1 of the laws of 1999,  
3     is amended to read as follows:  
4     (B) In the absence of the filing with the commissioner of satisfactory  
5     proof of a lesser cost of doing business of the agent making the sale,  
6     the cost of doing business by the agent shall be presumed to be seven-  
7     eighths of one percent of the basic cost of cigarettes for sales to  
8     wholesale dealers plus [one cent] NINE CENTS per package of [ten] ciga-  
9     rettes, [two cents per package of twenty cigarettes and in the case of a  
10    package containing more than twenty cigarettes, two cents and one-half  
11    of a cent for each five cigarettes in excess of twenty cigarettes]  
12    REGARDLESS OF THE NUMBER OF CIGARETTES CONTAINED IN SUCH PACKAGE, one  
13    and one-half percent of the basic cost of cigarettes for sales to chain  
14    stores plus [one cent] NINE CENTS per package of [ten] cigarettes, [two  
15    cents per package of twenty cigarettes and in the case of a package  
16    containing more than twenty cigarettes, two cents and one-half of a cent  
17    for each five cigarettes in excess of twenty cigarettes] REGARDLESS OF  
18    THE NUMBER OF CIGARETTES CONTAINED IN SUCH PACKAGE, and three and  
19    seven-eighths percent of the basic cost of cigarettes with respect to

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

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1 sales to retail dealers plus [one cent] NINE CENTS per package of [ten]  
2 cigarettes, [two cents per package of twenty cigarettes and in the case  
3 of a package containing more than twenty cigarettes, two cents and one-  
4 half of a cent for each five cigarettes in excess of twenty cigarettes]  
5 REGARDLESS OF THE NUMBER OF CIGARETTES IN SUCH PACKAGE and the foregoing  
6 cents per pack shall be included in the "cost of doing business by the  
7 agent" referred to in paragraphs two and three of this subdivision.

8 S 2. Subdivision 1 of section 472 of the tax law, as amended by chap-  
9 ter 629 of the laws of 1996 and as further amended by section 104 of  
10 part A of chapter 62 of the laws of 2011, is amended to read as follows:

11 1. The commissioner shall prescribe, prepare and furnish stamps of  
12 such denominations and quantities as may be necessary for the payment of  
13 the tax on cigarettes imposed by this article PLUS THE PAYMENT BY THE  
14 AGENT OF A CONCURRENT EXPENSE ALLOWANCE FOR THE CIGARETTE TAX ENFORCE-  
15 MENT ACCOUNT ESTABLISHED PURSUANT TO SECTION NINETY-SEVEN-0000 OF THE  
16 STATE FINANCE LAW OF FOUR CENTS PER STAMP WHICH SHALL BE DEPOSITED  
17 PURSUANT TO SUBDIVISION (C) OF SECTION FOUR HUNDRED EIGHTY-TWO OF THIS  
18 ARTICLE, and may from time to time and as often as he deems advisable  
19 provide for the issuance and exclusive use of stamps of a new design and  
20 forbid the use of stamps of any other design, in the manner and with the  
21 effect provided in section two hundred seventy-four of this chapter. The  
22 commissioner shall make provisions for the sale of such stamps at such  
23 places and at such times as he may deem necessary and may license agents  
24 for such purpose. The commissioner may license dealers in cigarettes,  
25 who maintain separate warehousing facilities for the purpose of receiv-  
26 ing and distributing cigarettes and conducting their business, who have  
27 received commitments from at least two cigarette manufacturers whose  
28 aggregate market share is at least forty percent of the New York state  
29 cigarette market, and importers, exporters and manufacturers of ciga-  
30 rettes, and other persons within or without the state as agents to buy  
31 or affix stamps to be used in paying the tax herein imposed, but an  
32 agent shall at all times have the right to appoint the person in his  
33 employ who is to affix the stamps to any cigarettes under the agent's  
34 control. The fee for filing such application for an agent's license  
35 shall be one thousand five hundred dollars, unless such fee has been  
36 paid during the preceding twelve months, in which case, the fee for a  
37 new license shall be one thousand dollars. All of the provisions of  
38 section four hundred eighty OF THIS ARTICLE relating to wholesale deal-  
39 ers' licenses, including the procedure for suspension, revocation,  
40 refusal to license and for hearings, except for paragraphs (c) and (g)  
41 of subdivision one of such section, shall be applicable to agents'  
42 licenses applied for or granted pursuant to this section, as if such  
43 provisions had been set forth in full in this subdivision and had  
44 expressly referred to the applicant for, or the holder of, an agent's  
45 license. Whenever the commissioner shall sell and deliver to any such  
46 agent any such stamps, such agent shall be entitled to receive as  
47 compensation for his services and expenses as such agent in selling or  
48 affixing such stamps, and to retain out of the moneys to be paid by him  
49 for such stamps, a commission on the par value thereof. The commissioner  
50 is hereby authorized to prescribe a schedule of commissions, not exceed-  
51 ing five per centum, allowable to such agent for buying and affixing  
52 such stamps. Such schedule shall be uniform with respect to the differ-  
53 ent types of stamps used, and may be on a graduated scale with respect  
54 to the number of stamps purchased. The commissioner may, in his  
55 discretion, permit an agent to pay for such stamps within thirty days  
56 after the date of purchase and may require any such agent to file with

1 the department [of taxation and finance] a bond issued by a surety  
2 company approved by the superintendent of financial services as to  
3 solvency and responsibility and authorized to transact business in the  
4 state or other security acceptable to the commissioner, in such amount  
5 as the commissioner may fix, to secure the payment of any sums due from  
6 such agent pursuant to this article. If securities are deposited as  
7 security under this subdivision, such securities shall be kept in the  
8 custody of the commissioner and may be sold by the commissioner if it  
9 becomes necessary so to do in order to recover any sums due from such  
10 agent pursuant to this article, but no such sale shall be had until  
11 after such agent shall have had opportunity to litigate the validity of  
12 any tax if it elects so to do. Upon any such sale, the surplus, if any,  
13 above the sums due under this article shall be returned to such agent.

14 S 3. Section 482 of the tax law, as amended by section 2 of part T of  
15 chapter 61 of the laws of 2011, is amended to read as follows:

16 S 482. Deposit and disposition of revenue. (a) All taxes, fees, inter-  
17 est and penalties collected or received by the commissioner under this  
18 article and article twenty-A of this chapter shall be deposited and  
19 disposed of pursuant to the provisions of section one hundred seventy-  
20 one-a of this chapter. (b) From the taxes, interest and penalties  
21 collected or received by the commissioner under sections four hundred  
22 seventy-one and four hundred seventy-one-a of this article, effective on  
23 and after March first, two thousand, forty-nine and fifty-five  
24 hundredths, and effective on and after February first, two thousand two,  
25 forty-three and seventy hundredths; and effective on and after May  
26 first, two thousand two, sixty-four and fifty-five hundredths; and  
27 effective on and after April first, two thousand three, sixty-one and  
28 twenty-two hundredths percent; and effective on and after June third,  
29 two thousand eight, seventy and sixty-three hundredths percent; and  
30 effective on and after July first, two thousand ten, seventy-six percent  
31 collected or received under those sections must be deposited to the  
32 credit of the tobacco control and insurance initiatives pool to be  
33 established and distributed by the commissioner of health in accordance  
34 with section twenty-eight hundred seven-v of the public health law. (C)  
35 FROM THE AMOUNTS RECEIVED PURSUANT TO SUBDIVISION ONE OF SECTION FOUR  
36 HUNDRED SEVENTY-TWO OF THIS ARTICLE, THE COMMISSIONER SHALL DEPOSIT IN  
37 THE CIGARETTE TAX ENFORCEMENT ACCOUNT ESTABLISHED PURSUANT TO SECTION  
38 NINETY-SEVEN-0000 OF THE STATE FINANCE LAW THE CONCURRENT EXPENSE ALLOW-  
39 ANCE FOR THE CIGARETTE TAX ENFORCEMENT FUND OF FOUR CENTS PER STAMP.

40 S 4. The state finance law is amended by adding a new section 97-0000  
41 to read as follows:

42 S 97-0000. CIGARETTE TAX ENFORCEMENT ACCOUNT. 1. THERE IS HEREBY  
43 CREATED IN THE JOINT CUSTODY OF THE STATE COMPTROLLER AND THE COMMIS-  
44 SIONER OF TAXATION AND FINANCE AN ACCOUNT OF THE MISCELLANEOUS SPECIAL  
45 REVENUE FUND TO BE KNOWN AS THE "CIGARETTE TAX ENFORCEMENT ACCOUNT".

46 2. NOTWITHSTANDING ANY OTHER LAW, RULE OR REGULATION TO THE CONTRARY,  
47 THE STATE COMPTROLLER IS HEREBY AUTHORIZED AND DIRECTED TO RECEIVE FOR  
48 DEPOSIT TO THE CREDIT OF THE CIGARETTE TAX ENFORCEMENT ACCOUNT MONIES  
49 RECEIVED FROM THE COMMISSIONER OF TAXATION AND FINANCE FROM THE CONCUR-  
50 RENT EXPENSE ALLOWANCE PAID PURSUANT TO SUBDIVISION ONE OF SECTION FOUR  
51 HUNDRED SEVENTY-TWO OF THE TAX LAW, AND OTHER MONIES APPROPRIATED, CRED-  
52 ITED OR TRANSFERRED THERETO FROM ANY OTHER FUND OR SOURCE.

53 3. THE PROCEEDS OF THE CIGARETTE TAX ENFORCEMENT ACCOUNT SHALL BE USED  
54 SOLELY TO ENFORCE THE COLLECTION OF THE CIGARETTE TAX, AS PROVIDED FOR  
55 IN ARTICLE TWENTY OF THE TAX LAW.

1 S 5. There is hereby appropriated to the division of state police the  
2 amount of six million dollars (\$6,000,000) from the cigarette tax  
3 enforcement account to support cigarette tax enforcement activities.  
4 This appropriation may be apportioned to either the patrol activities or  
5 criminal investigation activities program of the division of state  
6 police, may be transferred or suballocated to any other state agency or  
7 public authority for their costs associated with the enforcement of the  
8 cigarette tax, and may be used to contract with local enforcement agen-  
9 cies for cigarette tax enforcement activities. No monies shall be avail-  
10 able from this appropriation absent a certificate of allocation from the  
11 director of the budget.

12 S 6. This act shall take effect September 1, 2014 and shall apply in  
13 accordance with the applicable transitional provisions of sections 1106  
14 and 1217 of the tax law.