

# STATE OF NEW YORK

4874

2023-2024 Regular Sessions

## IN SENATE

February 16, 2023

Introduced by Sen. RIVERA -- 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 and the state finance law, in relation to imposing an excise tax on sugary drinks; and to amend the public health law, in relation to community health benefits

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

1 Section 1. The tax law is amended by adding a new article 17 to read  
2 as follows:

3 ARTICLE 17

4 EXCISE TAX ON SUGARY DRINKS

5 Section 400. Definitions.

6 401. Imposition of excise tax.

7 402. Local taxes on sugary drinks by municipalities.

8 403. Report of sales and remittance of tax.

9 404. Deposit and disposition of revenue.

10 405. Records of distributors.

11 406. Exemptions.

12 407. Rules and regulations.

13 408. Severability.

14 § 400. Definitions. As used in this article, the following terms shall  
15 have the following meanings:

16 1. "Beverage for medical use" means a beverage suitable for human  
17 consumption and manufactured for use as an oral nutritional therapy for  
18 persons who cannot absorb or metabolize dietary nutrients from food or  
19 beverages, or for use as an oral rehydration electrolyte solution for  
20 infants and children formulated to prevent or treat dehydration due to  
21 illness. "Beverage for medical use" shall also mean a "medical food" as  
22 defined in section 5(b)(3) of the Orphan Drug Act (21 U.S.C.  
23 360ee(b)(3)).

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

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1 2. "Bottle" means any closed or sealed container regardless of size or  
2 shape, including, without limitation, those made of glass, metal, paper,  
3 plastic or any other material or combination of materials.

4 3. "Bottled sugary drink" means any sugary drink contained in a bottle  
5 that is ready for consumption without further processing such as, with-  
6 out limitation, dilution or carbonation.

7 4. "Consumer" means a person who purchases a sugary drink for consump-  
8 tion and not for sale to another.

9 5. "Distributor" means any person, including manufacturers and whole-  
10 sale dealers, who receives, stores, manufactures, bottles and/or  
11 distributes bottled sugary drinks, syrups or powders, for sale to  
12 retailers doing business in the state, whether or not that person also  
13 sells such products to consumers.

14 6. "Milk" means natural liquid milk regardless of animal or plant  
15 source or butterfat content; natural milk concentrate, whether or not  
16 reconstituted; or dehydrated natural milk, whether or not reconstituted.

17 7. "Natural fruit juice" means the original liquid resulting from the  
18 pressing of fruits, or the liquid resulting from the dilution with water  
19 of dehydrated natural fruit juice.

20 8. "Natural vegetable juice" means the original liquid resulting from  
21 the pressing of vegetables, or the liquid resulting from the dilution  
22 with water of dehydrated natural vegetable juice.

23 9. "Non-nutritive sweetener" means any non-nutritive substance suit-  
24 able for human consumption that humans perceive as sweet and includes,  
25 but is not limited to, aspartame, acesulfame-K, neotame, saccharin,  
26 sucralose and stevia. "Non-nutritive sweetener" excludes sugars. For  
27 purposes of this definition, "non-nutritive sweetener" means a substance  
28 that contains fewer than five calories per serving.

29 10. "Person" means any natural person, partnership, cooperative asso-  
30 ciation, limited liability company, corporation, personal represen-  
31 tative, receiver, trustee, assignee or any other legal entity.

32 11. "Place of business" means any place where sugary drinks, syrups or  
33 powders are manufactured or received for sale in the state.

34 12. "Powder" means any solid mixture of ingredients used in making,  
35 mixing, or compounding sugary drinks by mixing the powder with any one  
36 or more other ingredients, including without limitation water, ice,  
37 syrup, simple syrup, fruits, vegetables, fruit juice, vegetable juice,  
38 carbonation or other gas.

39 13. "Retailer" means any person who sells or otherwise dispenses in  
40 the state a sugary drink to a consumer whether or not that person is  
41 also a distributor as defined in this section.

42 14. "Sale" means the transfer of title or possession for valuable  
43 consideration regardless of the manner by which the transfer is  
44 completed.

45 15. "Sugars" means any monosaccharide or disaccharide nutritive sweet-  
46 ener such as glucose, fructose, lactose, and sucrose. Examples include,  
47 but are not limited to, cane sugar, beet sugar, high-fructose corn  
48 syrup, honey, fruit juice concentrate, and other caloric sweeteners. For  
49 purposes of this definition, "nutritive" means a substance that contains  
50 five or more calories per serving.

51 16. "Sugary drink" means any nonalcoholic beverage, carbonated or  
52 noncarbonated, which is intended for human consumption and contains any  
53 added sugars. As used in this definition, "nonalcoholic beverage" means  
54 any beverage that contains less than one-half of one percent alcohol per  
55 volume.

1 17. "Syrup" means a liquid mixture of ingredients used in making,  
2 mixing, or compounding sugary drinks using one or more other ingredients  
3 including, without limitation, water, ice, a powder, simple syrup,  
4 fruits, vegetables, fruit juice, vegetable juice, carbonation or other  
5 gas.

6 18. "Water" means no-calorie liquid water, which is either non-fla-  
7 vored or flavored without the use of sugars. "Water" may be carbonated  
8 (including but not limited to club soda and seltzer), still, distilled  
9 and/or purified.

10 § 401. Imposition of excise tax. 1. There are hereby levied and  
11 imposed on a distributor excise taxes at the following rates:

12 (a) Beverages:

13 (i) Beverages with seven and a half grams of sugars or less per twelve  
14 fluid ounces shall not be taxed.

15 (ii) Beverages with more than seven and a half grams but less than  
16 thirty grams of sugars per twelve fluid ounces shall be taxed at a rate  
17 of one cent per ounce.

18 (iii) Beverages with thirty grams of sugars or more per twelve fluid  
19 ounces shall be taxed at a rate of two cents per ounce.

20 (b) Syrups and powders sold or offered for sale to a retailer for sale  
21 in the state to a consumer, either as syrup or powder or as a sugary  
22 drink derived from such syrup or powder:

23 (i) If the beverages made from the syrup or powder have seven and a  
24 half grams of sugars or less per twelve fluid ounces, such syrup or  
25 powder shall not be taxed.

26 (ii) If the beverages made from the syrup or powder have more than  
27 seven and a half grams but less than thirty grams of sugars per twelve  
28 fluid ounces, such syrup or powder shall be taxed at a rate equal to one  
29 cent per ounce of sugary drink produced from that syrup or powder.

30 (iii) If the beverages made from the syrup or powder have thirty grams  
31 of sugars or more per twelve fluid ounces, such syrup or powder shall be  
32 taxed at a rate equal to two cents per ounce of sugary drink produced  
33 from that syrup or powder.

34 (c) For purposes of calculating the tax imposed pursuant to paragraph  
35 (b) of this subdivision, the volume of sugary drink produced from syrups  
36 or powders shall be the larger of (i) the largest volume resulting from  
37 use of the syrups or powders according to the manufacturer's  
38 instructions, or (ii) the volume actually produced by the retailer, as  
39 reasonably determined by the commissioner.

40 2. The nutrition facts product label, as required by the food and drug  
41 administration, shall be used to determine the amount of sugars per  
42 twelve ounces of sugary drink by referencing the "serving size" and  
43 "sugars" or "total sugars" lines on the label.

44 3. The tax rates set forth in this section shall be reviewed annually  
45 and adjusted periodically by the commissioner as needed to maintain a  
46 consistent effect relative to inflation.

47 4. Manufacturers, bottlers, wholesalers or distributors shall add the  
48 amount of the tax imposed by this section to the retail price of sugary  
49 drinks.

50 5. A retailer who sells bottled sugary drinks, syrups or powders in  
51 the state to a consumer, on which the tax imposed by this section has  
52 not been paid by a distributor, is liable for the tax imposed in subdi-  
53 vision one of this section at the point of sale to a consumer.

54 6. The taxes imposed by this section are in addition to any other  
55 taxes that may apply to persons or products subject to this chapter.

1 § 402. Local taxes on sugary drinks by municipalities. 1. Any city or  
2 municipality in this state acting through its local legislative body,  
3 is hereby authorized and empowered to adopt and amend local laws impos-  
4 ing in any such municipality an excise tax on a distributor on the  
5 following products:

6 (a) Beverages with more than seven and a half grams of sugars per  
7 twelve fluid ounces.

8 (b) Syrups and powders sold or offered for sale to a retailer for sale  
9 in the state to a consumer, either as syrup or powder or as a sugary  
10 drink derived from such syrup or powder if the beverages made from  
11 the syrup or powder have more than seven and a half grams of sugars per  
12 twelve fluid ounces.

13 2. All the provisions of this article shall apply to the taxes author-  
14 ized by subdivision one of this section, so far as such article can be  
15 made applicable to the taxes authorized by this section with such limi-  
16 tations as set forth in this section and such modifications as may be  
17 necessary in order to adapt such language to the local taxes authorized  
18 by this section. Provided, however, in every case where the words "this  
19 state" appear, such words "this state" shall be read as "this munici-  
20 pality" for purposes of the taxes authorized by this section. Where the  
21 word "state" is used in a phrase referring to the sale or use of sugary  
22 drinks in this state, such word "state" shall be read as "municipality"  
23 for purposes of the taxes authorized by this section, unless the word  
24 "municipality" clearly is not applicable.

25 3. Any taxes imposed pursuant to the authority of this section shall  
26 be administered and collected by the tax commission in the same manner  
27 as the taxes imposed under section four hundred one of this article  
28 subject to all provisions of this article as may be applicable. The  
29 state tax commission is hereby empowered to make such provisions as it  
30 deems necessary for the joint administration and collection of the state  
31 and local taxes imposed and authorized by this article. Nothing in this  
32 article which requires payment of both state and local taxes to the tax  
33 commission shall be construed as the payment of either tax more than  
34 once.

35 4. A local law imposing taxes pursuant to the authority of this  
36 section or repealing or suspending such taxes must go into effect only  
37 on the first day of a calendar month. No such local law shall be effec-  
38 tive unless a certified copy of such law is mailed by registered mail to  
39 the state tax commission at its office in Albany at least sixty days  
40 prior to the date it is to become effective. However, the tax commis-  
41 sion, by resolution, may waive and reduce such sixty day minimum notice  
42 requirement to a mailing of such certified copy by registered mail with-  
43 in a period of not less than thirty days prior to such effective date if  
44 it deems such action to be consistent with its duties under this  
45 section.

46 5. Certified copies of any local law described in this section shall  
47 also be filed with the clerk of the municipality, the secretary of state  
48 and the state comptroller within five days after the date it is enacted.

49 6. All taxes, penalties and interest imposed by a municipality under  
50 the authority of this section, which are collected by the state tax  
51 commission, shall be deposited daily with such responsible banks, bank-  
52 ing houses or trust companies, as may be designated by the state comp-  
53 troller, to the credit of the comptroller, in trust for such munici-  
54 pality imposing the tax. Such deposits shall be kept separate and apart  
55 from all other monies in the possession of the comptroller. The comp-  
56 troller shall require adequate security from all such depositories of

1 such revenue collected by the tax commission. The comptroller shall  
2 retain in his hands such amount as the commissioner of taxation and  
3 finance may determine to be necessary for refunds in respect of the  
4 taxes imposed under the authority of this section, and for reasonable  
5 costs of the state tax commission in administering, collecting and  
6 distributing such taxes, out of which the comptroller shall pay any  
7 refunds of such taxes to which taxpayers shall be entitled under the  
8 provisions of this article. The amount so payable shall be certified to  
9 the comptroller by the president of the state tax commission or his  
10 delegate, who shall not be held liable for any inaccuracy in such  
11 certificate. Where the amount so paid over to such municipality in any  
12 such distribution is more or less than the amount then due to such muni-  
13 cipality, the amount of the overpayment or underpayment shall be certi-  
14 fied to the comptroller by the president of the state tax commission or  
15 his delegate, who shall not be held liable for any inaccuracy in such  
16 certificate. The amount of the overpayment or underpayment shall be so  
17 certified to the comptroller as soon after the discovery of the overpay-  
18 ment or underpayment as reasonably possible and subsequent payments and  
19 distributions by the comptroller to such municipality shall be adjusted  
20 by subtracting the amount of any such overpayment from or by adding the  
21 amount of any such underpayment to such number of subsequent payments  
22 and distributions as the comptroller and the president of the state tax  
23 commission shall consider reasonable in view of the amount of the over-  
24 payment or underpayment and all other facts or circumstances.

25 7. As used in this section, "municipality" shall mean any county,  
26 town, village or city within the state.

27 § 403. Report of sales and remittance of tax. Any distributor or  
28 retailer liable for the tax imposed by this article shall, on or before  
29 the last day of April, July, October, and January of each year, file  
30 with the department a return, on forms to be prescribed by the commis-  
31 sioner and furnished by the department, stating the quantity of sugary  
32 drinks, syrups and powders subject to the excise tax imposed by this  
33 article sold or offered for sale in the three months immediately preced-  
34 ing the month in which the report is due, and any other information  
35 required by the commissioner, along with the tax due.

36 § 404. Deposit and disposition of revenue. All taxes collected or  
37 received by the department under this article shall be deposited in the  
38 community health equity fund established pursuant to the provisions of  
39 section ninety-nine-qq of the state finance law; provided, however, that  
40 the provisions of this section shall not apply to taxes collected or  
41 received pursuant to any tax imposed pursuant to the provisions of  
42 section four hundred two of this article.

43 § 405. Records of distributors. Every distributor, and every retailer  
44 subject to this chapter, shall maintain for not less than two years  
45 accurate records, showing all transactions that gave rise, or may have  
46 given rise, to tax liability under this chapter. Such records are  
47 subject to inspection by the commissioner at all reasonable times during  
48 normal business hours.

49 § 406. Exemptions. The following shall be exempt from the tax imposed  
50 by this chapter:

51 1. Bottled sugary drinks, syrups, and powders sold to the United  
52 States government or an Indian nation or tribe.

53 2. Bottled sugary drinks, syrups, and powders sold by a distributor to  
54 another distributor if the sales invoice clearly indicates that the sale  
55 is exempt. If the sale is to a person who is both a distributor and a  
56 retailer, the sale shall also be tax exempt and the tax shall be paid

1 when the purchasing distributor or retailer resells the product to a  
2 retailer or a consumer. This exemption does not apply to any other sale  
3 to a retailer.

4 3. Beverages sweetened solely with non-nutritive sweeteners.

5 4. Beverages consisting of one hundred percent natural fruit or vege-  
6 table juice with no added sugars.

7 5. Beverages in which milk, or soy, rice or similar milk substitute,  
8 is the primary ingredient or the first listed ingredient on the label of  
9 the beverage.

10 6. Unsweetened drinks to which a purchaser can add, or can request  
11 that a seller add, sugar at the point of sale, such as coffee or tea.

12 7. Infant formula.

13 8. Beverages for medical use.

14 9. Water without added sugars.

15 § 407. Rules and regulations. The commissioner shall promulgate any  
16 rules and regulations necessary to carry out the provisions of this  
17 article.

18 § 408. Severability. If any clause, sentence, paragraph, section or  
19 part of this article shall be adjudged by any court of competent juris-  
20 isdiction to be invalid, such judgment shall not affect, impair, or inval-  
21 idate the remainder thereof, but shall be confined in its operation to  
22 the clause, sentence, paragraph, section, or part thereof directly  
23 involved in the controversy in which such judgment shall have been  
24 rendered.

25 § 2. The state finance law is amended by adding a new section 99-qq to  
26 read as follows:

27 § 99-qq. Community health equity fund. 1. There is hereby established  
28 in the joint custody of the comptroller and the commissioner of taxation  
29 and finance a fund to be known as the "community health equity fund".  
30 The community health equity fund shall consist of all taxes, interest,  
31 penalties, and other amounts collected pursuant to article seventeen of  
32 the tax law.

33 2. All moneys in the community health equity fund shall, upon appro-  
34 riation by the legislature, be allocated for the purposes of statewide  
35 programs. Up to five hundred thousand dollars shall be allocated to the  
36 community health benefits trust account for the establishment and opera-  
37 tion of the community advisory board on health equity, as provided in  
38 section two hundred forty-four-b of the public health law. Of the  
39 remaining funds, moneys shall be allocated as follows:

40 (a) Fifty percent to supplemental nutrition assistance program (SNAP)  
41 incentives. Such funding shall support programs that provide recipients  
42 of SNAP with additional moneys or coupons directed to their electronic  
43 benefits transfer card when they purchase fruits and vegetables. This  
44 allocation of funds shall be used to promote the consumption of fruits  
45 and vegetables and foster a healthier community.

46 (b) Fifty percent to be dispersed to the community health benefits  
47 trust established pursuant to the provisions of section two hundred  
48 forty-four-a of the public health law.

49 3. Moneys shall be payable from the fund on the audit and warrant of  
50 the comptroller on vouchers approved and certified by the commissioner  
51 of health.

52 § 3. Article 2 of the public health law is amended by adding a new  
53 title 3-A to read as follows:

54 TITLE III-A  
55 COMMUNITY HEALTH BENEFITS

1 Section 244. Empire state community benefits grant.

2 244-a. Community health benefits trust.

3 244-b. Community advisory board on health equity.

4 § 244. Empire state community benefits grant. The commissioner shall  
5 establish a grant program to be administered by the department and to be  
6 known as the "empire state community benefits grant". Such grant shall  
7 be made available to, but not limited to, community-based programs and  
8 organizations related to promoting food access and equity in the commu-  
9 nity, improving community nutrition, increasing access to nutrient rich  
10 foods in schools, identifying and improving the quality of school-based  
11 courts, playgrounds, parks or trails, promoting physical activity and  
12 exercise, reducing nutrition related chronic illnesses including  
13 diabetes, heart disease, obesity and tooth decay, and targeting communi-  
14 ties most affected by adverse health disparities, community-based initi-  
15 atives that impact social determiners of health, among other communi-  
16 based programs and organizations. Such community-based programs and  
17 organizations shall submit an application to the department to determine  
18 their eligibility. The commissioner shall promulgate rules and regu-  
19 lations regarding eligibility, the application process, and awarding of  
20 grants pursuant to this section. All moneys for grants awarded pursuant  
21 to this section shall be from the community health benefits trust estab-  
22 lished pursuant to section two hundred forty-four-a of this title.

23 § 244-a. Community health benefits trust. 1. There is hereby estab-  
24 lished in the joint custody of the commissioner and the comptroller, a  
25 trust fund to be known as the "community health benefits trust". Moneys  
26 deposited into the community health benefits trust shall be utilized  
27 solely for the purpose of awarding grants pursuant to the provisions of  
28 section two hundred forty-four of this title.

29 2. The comptroller shall track and maintain a record of all moneys of  
30 the community health benefits trust and shall provide an annual report  
31 to the governor, temporary president of the senate and speaker of the  
32 assembly outlining how such moneys were allocated, how the allocation of  
33 such moneys was determined and how such moneys were ultimately spent.  
34 This report shall be submitted to the executive and legislature no later  
35 than December thirty-first of each calendar year. This report shall be  
36 published and made public on the department's website no later than  
37 thirty days after submission.

38 § 244-b. Community advisory board on health equity. 1. A community  
39 advisory board on health equity shall be established within the depart-  
40 ment to make recommendations on the allocation of funds received pursu-  
41 ant to section ninety-nine-gg of the state finance law to support and  
42 improve health equity.

43 2. (a) The board shall consist of thirteen members and shall be  
44 appointed as follows:

45 (i) five members shall be appointed by the governor;

46 (ii) three members shall be appointed by the temporary president of  
47 the senate;

48 (iii) three members shall be appointed by the speaker of the assembly;

49 (iv) one member shall be appointed by the minority leader of the  
50 senate; and

51 (v) one member shall be appointed by the minority leader of the assem-  
52 bly.

53 (b) Four members of the board shall be representatives of the public  
54 health system; three members shall have experience in the implementation  
55 of community-based programs and organizations that have a focus on  
56 expanding health food access and food security; three members shall have

1 experience in researching or evaluating programs related to the consump-  
2 tion of sugary beverages; and three members shall be representative of  
3 those communities that have been disproportionately impacted by the  
4 effects of sugar-sweetened beverage consumption.

5 (c) For the purposes of this section, communities that have been  
6 disproportionately affected by the consumption of sugar-sweetened bever-  
7 ages shall be determined by the commissioner by reviewing data which  
8 shall include, but is not limited to, the following:

9 (i) the rate of adult or childhood obesity in a community;

10 (ii) the rate of diabetes in a community;

11 (iii) the rate of cardiovascular disease in a community;

12 (iv) the rate of geographic proximity to healthy food and beverage  
13 options in a community;

14 (v) the rate of dental decay in a community; and

15 (vi) the rate of liver disease in a community.

16 3. The board shall have its first meeting within six months of the  
17 effective date of this section and shall meet every six months thereaft-  
18 er.

19 4. A majority of the appointed voting membership of the board shall  
20 constitute a quorum, but not less than seven voting members shall be  
21 necessary for any action taken by the board.

22 5. The board shall be staffed by the department and may create techni-  
23 cal advisory workgroups as deemed necessary.

24 6. Members of the board shall serve for a term of three years, at  
25 which point such membership position shall be subject to reappointment.

26 7. Vacancies on the board shall be filled in the same manner as the  
27 original appointment upon the expiration of a member's term pursuant to  
28 subdivision six of this section, or upon the death, resignation or  
29 removal of any such member.

30 8. Community advisory board members shall serve without compensation  
31 but shall be reimbursed for their necessary and actual expenses incurred  
32 while engaged in the business of the community advisory board.

33 9. The board shall prepare an annual report detailing the amount of  
34 funds in the health equity account pursuant to section ninety-nine-qq of  
35 the state finance law, including but not limited to any unspent funds,  
36 recommendations for the use of any unspent funds, the programs and  
37 initiatives implemented with the allocated funding, and an impact evalu-  
38 ation of such initiatives. The initial report shall be submitted to the  
39 governor, speaker of the assembly and temporary president of the senate  
40 no later than two years following the effective date of this section.  
41 Such reports shall also be posted on the department's website.

42 § 4. This act shall take effect on the first of January next succeed-  
43 ing the date on which it shall have become a law. Effective immediately,  
44 the addition, amendment and/or repeal of any rule or regulation neces-  
45 sary for the implementation of this act on its effective date are  
46 authorized to be made and completed on or before such effective date.