

STATE OF NEW YORK

11438

IN ASSEMBLY

May 15, 2026

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Dais) --
read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, the state finance law, and the general
business law, in relation to enacting the "gas tax holiday act"

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

1 Section 1. Short title. This act shall be known and may be cited as
2 the "gas tax holiday act".

3 § 2. The tax law is amended by adding a new section 50 to read as
4 follows:

5 § 50. Fuel tax holiday. (a) Definitions. For purposes of this section:

6 (1) "Applicable period" shall mean from the first of the month next
7 succeeding the effective date of this section until December thirty-
8 first, two thousand twenty-seven.

9 (2) "Diesel motor fuel" and "motor fuel" shall have the same meaning
10 as section two hundred eighty-two of this chapter.

11 (3) "Filling station" shall have the same meaning as section two
12 hundred eighty-two of this chapter.

13 (4) "Fuel gas" shall have the same meaning as in section 1-103 of the
14 energy law.

15 (5) "Retail sale" and "sold at retail" shall mean: (i) any sale of
16 fuel gas; or (ii) any sale of motor fuel or diesel motor fuel at a fill-
17 ing station to a person for use in a motor vehicle.

18 (6) "Retail seller" shall mean any person who sells motor fuel or
19 diesel motor fuel at retail.

20 (7) "Sale" shall have the same meaning as section two hundred eighty-
21 two of this chapter.

22 (8) "Utility" shall mean a municipality, telephone corporation, utili-
23 ty corporation, steam corporation, waterworks corporation, an elec-
24 tric corporation, a gas corporation, and a combination gas and electric
25 corporation as such terms are defined in section two of the public
26 service law, and any other community water system as defined in 10 NYCRR
27 § 5-1.1.

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

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1 (9) "Utility corporation" shall have the same meaning as subdivision
2 twenty-four of section two of the public service law.

3 (b) Exemption from taxation. Notwithstanding any other provision of
4 law, rule or regulation to the contrary, the taxes imposed on retail
5 sales of fuel gas, motor fuel and diesel motor fuel made during the
6 applicable period shall be exempt from the taxes imposed by articles
7 twelve-A, thirteen-A, and twenty-eight of this chapter. If the retail
8 seller is located within a municipality that has elected to eliminate
9 the tax imposed pursuant to article twenty-nine of this chapter, such
10 taxes shall not be imposed on the retail sale of motor fuel or diesel
11 motor fuel during the applicable period.

12 (c) Price reduction. (1) During the applicable period, each retail
13 seller shall reduce the price per gallon of motor fuel and diesel motor
14 fuel offered for sale by the amount of the taxes that the retail seller
15 prepaid on the gallon of motor fuel and diesel motor fuel and the amount
16 of tax in excess of the prepaid amount that would have been collected
17 from the consumer if the sale of the motor fuel or diesel motor fuel had
18 not been exempt from tax pursuant to subdivision (b) of this section.

19 (2) During the applicable period, each utility corporation shall
20 reduce the rate of fuel gas related utility rates per kilowatt hour
21 (kwh) offered by the amount of the taxes that the utility corpo-
22 ration prepaid on the fuel gas and the amount of tax in excess of the
23 prepaid amount that would have been collected from the consumer if
24 the fuel gas rates had not been exempt from tax pursuant to subdivision
25 (b) of this section.

26 (d) Advertising. (1) Notwithstanding any other provision of law to the
27 contrary, a retail seller may advertise that the motor fuel and/or
28 diesel motor fuel is being or will be sold without the state taxes. Such
29 advertisement may commence no earlier than three days before the appli-
30 cable period and shall end by the end of the applicable period.

31 (2) Notwithstanding any other provision of law to the contrary, a
32 utility corporation may advertise that fuel gas utility rates are being
33 or will be calculated without the imposition of state sales taxes. Such
34 advertisement may commence no earlier than three days before the appli-
35 cable period and shall end by the end of the applicable period.

36 (e) Refunds and credits. (1) Notwithstanding any other provision of
37 law to the contrary, the retail seller shall be entitled to receive a
38 credit against the taxes due pursuant to article twenty-eight of this
39 chapter for the amount of tax that the retail seller prepaid pursuant to
40 articles twelve-A, thirteen-A, twenty-eight and, if applicable, twenty-
41 nine of this chapter. If the retail seller is located within a munici-
42 pality that has elected to eliminate the tax imposed pursuant to article
43 twenty-nine of this chapter, the retail seller shall be entitled to
44 claim a credit against the taxes due pursuant to article twenty-eight of
45 this chapter for such prepaid taxes. The amount of credit shall equal
46 the amount of tax that was prepaid pursuant to articles twelve-A, thir-
47 teen-A, twenty-eight and, if applicable, twenty-nine of this chapter for
48 each gallon of motor fuel and diesel motor fuel sold at retail during
49 the applicable period. Such credit shall not be allowed for sales that
50 would have otherwise been exempt from tax.

51 (2) A retail seller may claim the credit prescribed in paragraph one
52 of this subdivision when the retail seller files its return of tax for
53 the sales of motor fuel and diesel motor fuel for the period that
54 includes the applicable period. Notwithstanding the foregoing, if a
55 retail seller is required to file its return more than thirty days after
56 the close of the applicable period defined in paragraph one of subdivi-

1 sion (a) of this section, such retailer shall be authorized to file an
2 amendment to its most recently filed return to claim such credit. No
3 credit may be claimed for the taxes prepaid pursuant to article
4 twelve-A, thirteen-A, twenty-eight or, if applicable, twenty-nine of
5 this chapter pursuant to this section if the claim would have been
6 barred pursuant to the article that required prepayment of such taxes.
7 No interest shall be paid on any claims for credit made pursuant to this
8 section.

9 § 3. Subdivision 3 of section 89-b of the state finance law is amended
10 by adding a new paragraph (g) to read as follows:

11 (g) Within forty-five days after the applicable period as defined by
12 subdivision (a) of section fifty of the tax law, the comptroller, in
13 consultation with the director of the division of the budget, shall
14 transfer from the general fund to the special obligation reserve and
15 payment account an amount equal to the amount that would have otherwise
16 been deposited in the special obligation reserve and payment account
17 pursuant to this section if the exemption defined in subdivision (b) of
18 section fifty of the tax law had not been authorized.

19 § 4. Section 392-i of the general business law, as amended by section
20 5 of part M-1 of chapter 109 of the laws of 2006, is amended to read as
21 follows:

22 § 392-i. Prices reduced to reflect change in sales tax computation.
23 Every person engaged in the retail sale of motor fuel and/or diesel
24 motor fuel or a distributor of such fuels, as defined in article
25 twelve-A of the tax law, shall reduce the price such person charges for
26 motor fuel and/or diesel motor fuel in an amount equal to any reduction
27 in taxes prepaid by the distributor, credit for the amount of taxes
28 prepaid by the retail seller allowable pursuant to section fifty of the
29 tax law, exemption from taxation pursuant to section fifty of the tax
30 law to the extent that the tax that would have been otherwise due
31 exceeds the amount of tax prepaid, or paid by retail customers resulting
32 from computing sales and compensating use and other taxes at a cents per
33 gallon rate pursuant to the provisions of paragraph two of subdivision
34 (e) and subdivision (m) of section eleven hundred eleven of the tax law.

35 § 5. Paragraph 1 of subdivision (n) of section 1817 of the tax law, as
36 amended by section 30 of subpart I of part V-1 of chapter 57 of the laws
37 of 2009, is amended to read as follows:

38 (1) Every person engaged in the retail sale of motor fuel and/or
39 diesel motor fuel or a distributor of such fuels, as defined in article
40 twelve-A of this chapter, shall comply with the provisions of section
41 three hundred ninety-two-i of the general business law by reducing the
42 prices charged for motor fuel and diesel motor fuel in an amount equal
43 to any reduction in taxes prepaid by the distributor, credit for the
44 amount of taxes prepaid by the retail seller allowable pursuant to
45 section fifty of this chapter, exemption from taxation pursuant to
46 section fifty of this chapter to the extent that the tax that would have
47 been otherwise due exceeds the amount of tax prepaid, or imposed on
48 retail customers resulting from computing sales and compensating use and
49 other taxes at a cents per gallon rate pursuant to the provisions of
50 paragraph two of subdivision (e) and subdivision (m) of section one
51 thousand one hundred eleven of this chapter.

52 § 6. Notwithstanding any law to the contrary, a municipality may make
53 the election to eliminate all taxes on fuel gas, motor fuel and diesel
54 motor fuel pursuant to sections eleven hundred seven and eleven hundred
55 eight of the tax law or article twenty-nine of the tax law for the
56 applicable period, as defined by subdivision (a) of section fifty of the

1 tax law, as added by section two of this act, by local law, ordinance or
2 resolution, if such municipality mails, by certified or registered mail,
3 a certified copy of such local law, ordinance or resolution to the
4 commissioner of taxation and finance at such commissioner's office in
5 Albany no later than the Wednesday immediately preceding the first day
6 of the applicable period.

7 § 7. The commissioner of taxation and finance shall, on an emergency
8 basis, promulgate and/or amend any rules and regulations necessary to
9 provide for the tax free sales of fuel gas, motor fuel and diesel motor
10 fuel and refunds of prepaid tax to retail sellers.

11 § 8. This act shall take effect immediately.