

STATE OF NEW YORK

3490

2025-2026 Regular Sessions

IN ASSEMBLY

January 28, 2025

Introduced by M. of A. REYES, KELLES, ZACCARO -- read once and referred to the Committee on Ways and Means

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

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

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

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

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

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

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

55 2. Bottled sugary drinks, syrups, and powders sold by a distributor to
56 another distributor if the sales invoice clearly indicates that the sale

1 is exempt. If the sale is to a person who is both a distributor and a
2 retailer, the sale shall also be tax exempt and the tax shall be paid
3 when the purchasing distributor or retailer resells the product to a
4 retailer or a consumer. This exemption does not apply to any other sale
5 to a retailer.

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

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

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

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

14 7. Infant formula.

15 8. Beverages for medical use.

16 9. Water without added sugars.

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

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

27 § 2. The state finance law is amended by adding a new section 99-ss to
28 read as follows:

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

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

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

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

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

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

TITLE III-A
COMMUNITY HEALTH BENEFITS

Section 244. Empire state community benefits grant.

244-a. Community health benefits trust.

244-b. Community advisory board on health equity.

§ 244. Empire state community benefits grant. The commissioner shall establish a grant program to be administered by the department and to be known as the "empire state community benefits grant". Such grant shall be made available to, but not limited to, community-based programs and organizations related to promoting food access and equity in the community, improving community nutrition, increasing access to nutrient rich foods in schools, identifying and improving the quality of school-based courts, playgrounds, parks or trails, promoting physical activity and exercise, reducing nutrition related chronic illnesses including diabetes, heart disease, obesity and tooth decay, and targeting communities most affected by adverse health disparities, community-based initiatives that impact social determiners of health, among other community-based programs and organizations. Such community-based programs and organizations shall submit an application to the department to determine their eligibility. The commissioner shall promulgate rules and regulations regarding eligibility, the application process, and awarding of grants pursuant to this section. All moneys for grants awarded pursuant to this section shall be from the community health benefits trust established pursuant to section two hundred forty-four-a of this title.

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

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

§ 244-b. Community advisory board on health equity. 1. A community advisory board on health equity shall be established within the department to make recommendations on the allocation of funds received pursuant to section ninety-nine-ss of the state finance law to support and improve health equity.

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

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

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

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

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

(v) one member shall be appointed by the minority leader of the assembly.

1 (b) Four members of the board shall be representatives of the public
2 health system; three members shall have experience in the implementation
3 of community-based programs and organizations that have a focus on
4 expanding health food access and food security; three members shall have
5 experience in researching or evaluating programs related to the consump-
6 tion of sugary beverages; and three members shall be representative of
7 those communities that have been disproportionately impacted by the
8 effects of sugar-sweetened beverage consumption.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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