

# STATE OF NEW YORK

2346

2025-2026 Regular Sessions

## IN SENATE

January 16, 2025

Introduced by Sen. PARKER -- 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, the state finance law, and the general business law, in relation to enacting the "gas tax holiday act of 2025"

The People of the State of New York, represented in Senate and Assembly, 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 of 2025".

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-five.

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

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

LBD06137-01-5

1 corporation as such terms are defined in section two of the public  
2 service law, and any other community water system as defined in 10 NYCRR  
3 § 5-1.1.

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

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

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

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

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

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

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

54 (2) A retail seller may claim the credit prescribed in paragraph one  
55 of this subdivision when the retail seller files its return of tax for  
56 the sales of motor fuel and diesel motor fuel for the period that

1 includes the applicable period. Notwithstanding the foregoing, if a  
2 retail seller is required to file its return more than thirty days after  
3 the close of the applicable period defined in paragraph one of subdivi-  
4 sion (a) of this section, such retailer shall be authorized to file an  
5 amendment to its most recently filed return to claim such credit. No  
6 credit may be claimed for the taxes prepaid pursuant to article  
7 twelve-A, thirteen-A, twenty-eight or, if applicable, twenty-nine of  
8 this chapter pursuant to this section if the claim would have been  
9 barred pursuant to the article that required prepayment of such taxes.  
10 No interest shall be paid on any claims for credit made pursuant to this  
11 section.

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

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

22 § 4. Section 392-i of the general business law, as amended by section  
23 5 of part M-1 of chapter 109 of the laws of 2006, is amended to read as  
24 follows:

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

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

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

55 § 6. Notwithstanding any law to the contrary, a municipality may make  
56 the election to eliminate all taxes on fuel gas, motor fuel and diesel

1 motor fuel pursuant to sections eleven hundred seven and eleven hundred  
2 eight of the tax law or article twenty-nine of the tax law for the  
3 applicable period, as defined by subdivision (a) of section fifty of the  
4 tax law, as added by section two of this act, by local law, ordinance or  
5 resolution, if such municipality mails, by certified or registered mail,  
6 a certified copy of such local law, ordinance or resolution to the  
7 commissioner of taxation and finance at such commissioner's office in  
8 Albany no later than the Wednesday immediately preceding the first day  
9 of the applicable period.

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

14 § 8. This act shall take effect immediately.