

STATE OF NEW YORK

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2025-2026 Regular Sessions

IN SENATE

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Introduced by Sens. COMRIE, FERNANDEZ -- 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, in relation to the taxation of vapor products

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

1 Section 1. Section 1180 of the tax law is amended by adding five new
2 subdivisions (c), (d), (e), (f), and (g) to read as follows:

3 (c) "Flavored nicotine analogue product" means a flavored vapor prod-
4 uct that contains a nicotine analogue.

5 (d) "Flavored vapor product" shall have the same meaning as described
6 in section thirteen hundred ninety-nine-mm-1 of the public health law.

7 (e) "Nicotine analogue" means a substance:

8 (1) (A) The chemical structure of which is substantially similar to
9 the chemical structure of nicotine; or

10 (B) Which has, purports to have, or is represented to have, an effect
11 on the central nervous system that is similar to or greater than effect
12 on the central nervous system of nicotine.

13 (2) Factors relevant to determining whether a substance is a nicotine
14 analogue include, but are not limited to, the marketing, advertising and
15 labeling of the substance, and whether the substance has been manufac-
16 tured, formulated, sold, distributed, or marketed with the intent to
17 avoid the provisions of this subdivision and other applicable provisions
18 of law.

19 (f) "Vapor products distributor" means any person who imports or caus-
20 es to be imported into this state any vapor products for sale, or who
21 manufactures any vapor product in this state, and any person within or
22 without the state who is authorized by the commissioner to make returns
23 and pay the tax on vapor products sold, shipped, or delivered by such
24 person to any person in the state.

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

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1 (g) "Wholesale price" means the price at which a vapor products dealer
2 purchases vapor products from a vapor products distributor.

3 § 2. Section 1181 of the tax law, as amended by chapter 92 of the laws
4 of 2021, is amended to read as follows:

5 § 1181. Imposition of tax. (a) In addition to any other tax imposed
6 by this chapter or other law, there is hereby imposed a tax of twenty
7 percent on [~~receipts from the retail sale of vapor products sold~~] the
8 wholesale price of vapor products sold by a vapor products distributor
9 to a vapor products dealer in this state. The tax is imposed on the
10 [~~purchaser~~] vapor products dealer and collected by the vapor products
11 [~~dealer as defined in subdivision (b) of section eleven hundred eighty~~
12 ~~of this article~~] distributor, in trust for and on account of the state.
13 The taxes imposed under this section shall not apply to adult-use canna-
14 bis products subject to tax under article twenty-C of this chapter.

15 (b) The vapor products distributor shall be liable for the payment of
16 the tax on vapor products which the vapor products distributor imports
17 or causes to be imported into the state, or which the vapor products
18 distributor manufactures in the state, and every vapor products distrib-
19 utor authorized by the commissioner to make returns and pay the tax on
20 tobacco products sold, shipped or delivered by the vapor products
21 distributor to any person in the state shall be liable for the payment
22 of the tax on all vapor products so sold, shipped or delivered.

23 (c) Every vapor products dealer shall be liable for the tax on all
24 vapor products in the vapor products distributor's possession at any
25 time, upon which tax has not been paid or assumed by a vapor products
26 distributor appointed by the commissioner, and the failure of any vapor
27 products dealer to produce and exhibit to the commissioner or the
28 commissioner's authorized representative upon demand, an invoice by a
29 vapor products distributor for any vapor products in the vapor products
30 distributor's possession shall be presumptive evidence that the tax
31 thereon has not been paid, and that such dealer is liable for the tax
32 thereon unless evidence of such invoice, payment or assumption shall
33 later be produced.

34 § 3. The tax law is amended by adding two new sections 1183-a and
35 1183-b to read as follows:

36 § 1183-a. Vapor products distributor license and renewal. (a) Every
37 person who intends to be a vapor products distributor in this state must
38 receive from the commissioner a license prior to engaging in business.
39 In addition to the requirements of section eleven hundred eighty-three
40 of this article, a vapor products dealer who purchases or receives vapor
41 products from a manufacturer or out-of-state distributor shall be
42 required to obtain a vapor products distributor license. The applicant
43 for a vapor products distributor license must electronically submit a
44 properly completed application for a license for each location at which
45 the business shall be conducted in this state, on a form prescribed by
46 the commissioner, and shall be accompanied by a non-refundable applica-
47 tion fee of three hundred dollars.

48 (b) A vapor products distributor license shall be valid for the calen-
49 dar year for which it is issued unless earlier suspended or revoked.
50 Upon the expiration of the term stated on the license, such license
51 shall be null and void. A license shall not be assignable or transfera-
52 ble and shall be destroyed immediately upon the vapor products distribu-
53 tor ceasing to do business as specified in such license or in the event
54 that such business never commenced.

1 (c) Every vapor products distributor shall publicly display in the
2 vapor products distributor's place of business a license from the
3 department.

4 (d) (1) The commissioner shall refuse to issue a license to any appli-
5 cant who does not possess a valid certificate of authority under section
6 eleven hundred thirty-four of this chapter. In addition, the commis-
7 sioner may refuse to issue a license, or suspend, cancel or revoke a license
8 issued to any person who:

9 (A) has a past-due liability as that term is defined in section one
10 hundred seventy-one-v of this chapter;

11 (B) has had a license under this article or any license or registra-
12 tion provided for in this chapter revoked within one year from the date
13 on which such application was filed;

14 (C) has been convicted of a crime provided for in this chapter within
15 one year from the date on which such application was filed;

16 (D) willfully fails to file a report or return required by this arti-
17 cle;

18 (E) willfully files, causes to be filed, gives or causes to be given a
19 report, return, certificate or affidavit required by this article which
20 is false;

21 (F) willfully fails to collect or truthfully account for or pay over
22 any tax imposed by this article; or

23 (G) whose place of business is at the same premises as that of a
24 person whose vapor products distributor license has been revoked and
25 where such revocation is still in effect, unless the applicant or vapor
26 products distributor provides the commissioner with adequate documenta-
27 tion demonstrating that such applicant or vapor products distributor
28 acquired the premises or business through an arm's length transaction as
29 defined in paragraph (e) of subdivision one of section four hundred
30 eighty-a of this chapter.

31 (2) In addition to the grounds provided in paragraph one of this
32 subdivision, the commissioner shall refuse to issue a license and shall
33 cancel or suspend a license as directed by an enforcement officer pursu-
34 ant to article thirteen-F of the public health law. Notwithstanding any
35 provision of law to the contrary, an applicant whose application for a
36 license is refused or a vapor products distributor whose license is
37 cancelled or suspended under this paragraph shall have no right to a
38 hearing under this chapter and shall have no right to commence a court
39 action or proceeding or to any other legal recourse against the commis-
40 sioner with respect to such refusal, suspension or cancellation;
41 provided, however, that nothing herein shall be construed to deny a
42 vapor products distributor a hearing under article thirteen-F of the
43 public health law or to prohibit vapor products distributors from
44 commencing a court action or proceeding against an enforcement officer
45 as defined in section thirteen hundred ninety-nine-aa of the public
46 health law.

47 (e) If a vapor products distributor license is suspended, cancelled or
48 revoked and such vapor products distributor distributes or sells vapor
49 products through more than one place of business in this state, the
50 vapor products distributor's license issued to that place of business
51 where such violation occurred shall be suspended, revoked, or cancelled.
52 Provided, however, upon a vapor products distributor's third suspension,
53 cancellation, or revocation within a five-year period for any one or
54 more businesses owned or operated by the vapor products distributor,
55 such suspension, cancellation, or revocation of the vapor products
56 distributor's license shall apply to all places of business where the

1 vapor products distributor distributes or sells vapor products in this
2 state.

3 (f) Every holder of a license must notify the commissioner of changes
4 to any of the information stated on the license or changes to any infor-
5 mation contained in the application for the license. Such notification
6 must be made on or before the last day of the month in which a change
7 occurs and must be made electronically on a form prescribed by the
8 commissioner.

9 (g) Every vapor products distributor who holds a license under this
10 article shall be required to reapply for a license for the following
11 calendar year on or before the twentieth day of September and such reap-
12 plication shall be subject to the same requirements and conditions,
13 including grounds for refusal, as an initial license under this article,
14 including but not limited to the payment of the three hundred dollar
15 application fee for each business location.

16 (h) In addition to any other penalty imposed by this chapter, any
17 vapor products distributor who violates the provisions of this section,
18 (1) for a first violation is liable for a civil fine not less than five
19 thousand dollars but not to exceed twenty-five thousand dollars and such
20 license may be suspended for a period of not more than six months; and
21 (2) for a second or subsequent violation within three years following a
22 prior violation of this section, is liable for a civil fine not less
23 than ten thousand dollars but not to exceed thirty-five thousand dollars
24 and such license may be suspended for a period of up to thirty-six
25 months; or (3) for a third violation within a period of five years, the
26 license issued to each place of business owned or operated by the vapor
27 products distributor in this state shall be revoked for a period of up
28 to five years.

29 § 1183-b. Restrictions on sale. No person, including a vapor products
30 dealer or any agent or employee of a vapor products dealer, shall sell
31 or offer for sale at retail in the state or to any person in the state
32 any flavored nicotine analogue product.

33 § 4. Section 1184 of the tax law, as added by section 1 of part UU of
34 chapter 59 of the laws of the 2019, is amended to read as follows:

35 § 1184. Administrative provisions. (a) [~~Except as otherwise provided~~
36 ~~for in this article, the taxes imposed by this article shall be adminis-~~
37 ~~tered and collected in a like manner as and jointly with the taxes~~
38 ~~imposed by sections eleven hundred five and eleven hundred ten of this~~
39 ~~chapter. In addition, except as otherwise provided in this article, all~~
40 ~~of the provisions of article twenty-eight of this chapter (except~~
41 ~~sections eleven hundred seven, eleven hundred eight, eleven hundred~~
42 ~~nine, and eleven hundred forty eight) relating to or applicable to the~~
43 ~~administration, collection and review of the taxes imposed by such~~
44 ~~sections eleven hundred five and eleven hundred ten, including, but not~~
45 ~~limited to, the provisions relating to definitions, returns, exemptions,~~
46 ~~penalties, tax secrecy, personal liability for the tax, and collection~~
47 ~~of tax from the customer, shall apply to the taxes imposed by this arti-~~
48 ~~cle so far as such provisions can be made applicable to the taxes~~
49 ~~imposed by this article with such limitations as set forth in this arti-~~
50 ~~cle and such modifications as may be necessary in order to adapt such~~
51 ~~language to the taxes so imposed. Such provisions shall apply with the~~
52 ~~same force and effect as if the language of those provisions had been~~
53 ~~set forth in full in this article except to the extent that any~~
54 ~~provision is either inconsistent with a provision of this article or is~~
55 ~~not relevant to the taxes imposed by this article.~~

1 ~~(b) Notwithstanding the provisions of subdivision (a) of this section,~~
2 ~~the exemptions provided in paragraph ten of subdivision (a) of section~~
3 ~~eleven hundred fifteen of this chapter, and the provisions of section~~
4 ~~eleven hundred sixteen, except those provided in paragraphs one, two,~~
5 ~~three and six of subdivision (a) of such section, shall not apply to the~~
6 ~~taxes imposed by this article.]~~ Every vapor products distributor author-
7 ized by the commissioner to make returns and pay the tax on vapor
8 products sold, shipped, or delivered by the vapor products distributor
9 to a person in the state shall file a return showing the quantity and
10 wholesale price of all vapor products so sold, shipped, or delivered
11 during the preceding calendar month. Provided, however, the commissioner
12 may, if the commissioner deems it necessary in order to ensure the
13 payment of the taxes imposed by this article, require returns to be made
14 at such times and covering such periods as the commissioner may deem
15 necessary, and, by regulation, may permit the filing of returns on a
16 quarterly, semi-annual or annual basis, or may waive the filing of
17 returns by a vapor products distributor for such time and upon such
18 terms as the commissioner may deem proper if satisfied that no tax
19 imposed by this article is or will be payable during the time for which
20 returns are waived. Such returns shall contain such further information
21 as the commissioner may require.

22 (b) Every vapor product distributor shall pay to the commissioner with
23 the filing of such return the tax on vapor products for such month
24 imposed under this article, less two percent, to cover the distributor's
25 expense in the collection and remittance of the said tax.

26 (c) Notwithstanding the provisions of this section or section eleven
27 hundred forty-six of this chapter, the commissioner may, in [~~his or her~~]
28 the commissioner's discretion, permit the commissioner of health or [~~his~~
29 ~~or her~~] such commissioner's authorized representative to inspect any
30 return related to the tax imposed by this article and may furnish to the
31 commissioner of health any such return or supply [~~him or her~~] such
32 commissioner with information concerning an item contained in any such
33 return, or disclosed by any investigation of a liability under this
34 article.

35 § 5. The tax law is amended by adding two new sections 1184-a and
36 1184-b to read as follows:

37 § 1184-a. Enforcement. (a) The commissioner or the commissioner's duly
38 authorized representatives are hereby authorized:

39 (1) To enforce the provisions in this article and the provisions in
40 section thirteen hundred ninety-nine-mm-1 of the public health law
41 concerning flavored vapor products.

42 (2) To conduct regulatory inspections during normal business hours of
43 any place of business, including a vehicle used for such business, where
44 vapor products are distributed, placed, stored, sold, or offered for
45 sale. For the purposes of this section, "place of business" shall not
46 include a residence or other real property, or any personal vehicle on
47 or about such property, not held out as open to the public or otherwise
48 being utilized in a business or commercial manner, unless probable cause
49 exists to believe that such residence, real property or vehicle is being
50 used in such a business or commercial manner for the buying or selling
51 of vapor products.

52 (3) To examine any vapor products and the books, papers, invoices, and
53 other records of any place of business or vehicle where vapor products
54 are distributed, placed, stored, sold or offered for sale. Any person in
55 possession, control or occupancy of any such business is required to
56 give to the commissioner or the commissioner's duly authorized represen-

1 tatives, the means, facilities, and opportunity for such examinations.
2 For the purposes of this section, "place of business" shall not include
3 a residence or other real property, or any personal vehicle on or about
4 such property, not held out as open to the public or otherwise being
5 utilized in a business or commercial manner, unless probable cause
6 exists to believe that such residence, real property or vehicle is being
7 used in such a business or commercial manner for the buying or selling
8 of vapor products.

9 (b) If any person registered or who has obtained a license under this
10 article, or their agents, refuses to give the commissioner, or the
11 commissioner's duly authorized representatives, the means, facilities
12 and opportunity for the inspections and examinations required by this
13 section, the commissioner, after notice and an opportunity for a hear-
14 ing, may revoke their license to distribute vapor products or to sell
15 vapor products at retail:

16 (1) for a period of one year for the first such failure;

17 (2) for a period of up to three years for a second such failure within
18 a period of three years; and

19 (3) for a period of up to seven years for a third such failure within
20 five years.

21 (c) The commissioner or the commissioner's duly authorized represen-
22 tatives shall seize any non-tax-paid vapor products, flavored vapor
23 products, or flavored nicotine analogue products found in any place of
24 business or vehicle where vapor products are distributed, placed,
25 stored, sold or offered for sale by any person who does not possess a
26 license as described in section eleven hundred eighty-three-a of this
27 article.

28 (d) All non-tax-paid vapor products, flavored vapor products, or
29 flavored nicotine analogue products seized pursuant to the authority of
30 this chapter or any other law of this state shall be turned over to the
31 department or its authorized representative. Such seized non-tax-paid
32 vapor products shall, after notice and an opportunity for a hearing, be
33 forfeited to the state. If the department determines the non-tax-paid
34 vapor products cannot be used for law enforcement purposes, it may,
35 within a reasonable time after the forfeiture of such non-tax-paid vapor
36 products, upon publication in the state registry, destroy such forfeited
37 non-tax-paid vapor products.

38 (e) Whenever a police officer designated in section 1.20 of the crimi-
39 nal procedure law or a peace officer designated in subdivision four of
40 section 2.10 of such law, acting pursuant to such officer's special
41 duties, shall discover any flavored vapor products or flavored nicotine
42 analogue products offered for retail sale in violation of the provisions
43 in section thirteen hundred ninety-nine-mm-1 of the public health law or
44 section eleven hundred eighty-three-b of this article, respectively,
45 such police officer or peace officer is hereby authorized and empowered
46 forthwith to seize and take possession of such flavored vapor products
47 or flavored nicotine analogue products. Such flavored vapor products or
48 flavored nicotine analogue products seized by a police officer or peace
49 officer shall be turned over to the commissioner. Such seized flavored
50 vapor products or flavored nicotine analogue products shall be forfeited
51 to the state. If the department determines the vapor products or
52 flavored nicotine analogue products cannot be used for law enforcement
53 purposes, it may, within a reasonable time after the forfeiture of such
54 vapor products or flavored nicotine analogue products, destroy such
55 forfeited vapor products or flavored nicotine analogue products.

1 § 1184-b. General powers of the tax commission. The powers conferred
2 upon the tax commission by sections one hundred seventy-one and one
3 hundred seventy-one-b of this chapter shall, so far as applicable, be
4 exercisable with respect to the provisions of this article. Such commis-
5 sion may require returns to be filed with it at such times and contain-
6 ing such information as it may prescribe and in such event the fact that
7 a person's name is signed to the return shall be prima facie evidence
8 for all purposes that the return was actually signed by such person.
9 Notwithstanding any other provision of this article, the tax commission
10 may enter into an agreement with any city of this state which is author-
11 ized to impose a tax similar to that imposed by this article to provide
12 for the joint administration, in whole or in part, of such taxes.

13 § 6. This act shall take effect immediately.