

STATE OF NEW YORK

11489

IN ASSEMBLY

May 28, 2026

Introduced by COMMITTEE ON RULES -- (at request of M. of A. K. Brown, Brabenec, Yeger, Brook-Krasny, Blankenbush) -- 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 providing for a fuel tax holiday until the end of the ongoing hostilities with Iran and the reopening of the strait of Hormuz; and providing for the repeal of such provisions upon expiration thereof

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 section 50 to read
2 as follows:

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

4 (1) "Applicable period" shall mean from the first of the month next
5 succeeding the effective date of this section until the first of the
6 month next succeeding the end of the ongoing hostilities with Iran and
7 the reopening of the strait of Hormuz.

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

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

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

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

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

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

21 (8) "Utility" shall mean a municipality, telephone corporation, utili-
22 ty corporation, steam corporation, waterworks corporation, an elec-
23 tric corporation, a gas corporation, and a combination gas and electric
24 corporation as such terms are defined in section two of the public

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

LBD15947-01-6

1 service law, and any other community water system as defined in 10 NYCRR
2 § 5-1.1.

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

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

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

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

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

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

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

53 (2) A retail seller may claim the credit prescribed in paragraph one
54 of this subdivision when the retail seller files its return of tax for
55 the sales of motor fuel and diesel motor fuel for the period that
56 includes the applicable period. Notwithstanding the foregoing, if a

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

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

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

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

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

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

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

53 § 5. Notwithstanding any law to the contrary, a municipality may make
54 the election to eliminate all taxes on fuel gas, motor fuel and diesel
55 motor fuel pursuant to sections eleven hundred seven and eleven hundred
56 eight of the tax law or article twenty-nine of the tax law for the

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

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

12 § 7. This act shall take effect immediately and shall expire and be
13 deemed repealed one year after the end of the applicable period, as
14 defined by subdivision (a) of section fifty of the tax law, as added by
15 section one of this act; provided, however, that the commissioner of
16 taxation and finance shall notify the legislative bill drafting commis-
17 sion upon the end of the applicable period, as defined by subdivision
18 (a) of section fifty of the tax law, as added by section one of this
19 act, in order that the commission may maintain an accurate and timely
20 effective data base of the official text of the laws of the state of New
21 York in furtherance of effectuating the provisions of section 44 of the
22 legislative law and section 70-b of the public officers law.