STATE OF NEW YORK

5633

2025-2026 Regular Sessions

IN SENATE

February 26, 2025

Introduced by Sen. PALUMBO -- 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 exempting fuel used in vessels used directly and predominantly in a business providing sport fishing opportunities for hire to the general public from the tax on petroleum businesses and from sales and compensating use taxes

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

Section 1. Section 300 of the tax law is amended by adding a new subdivision (j-1) to read as follows:

(j-1) "commercial sport fishing vessel" means a vessel owned by a person, who has been issued and holds a marine and coastal district party and charter boat license pursuant to section 13-0336 of the environmental conservation law.

§ 2. Paragraph 2 of subdivision (b) of section 301-a of the tax law, as added by section 154 of part A of chapter 389 of the laws of 1997, is amended to read as follows:

(2) Motor fuel brought into this state in the fuel tank connecting with the engine of a vessel propelled by the use of such motor fuel shall be deemed to constitute a taxable use of motor fuel for the purposes of this subdivision to the extent that the fuel is consumed in the operation of the vessel in this state. Provided, however, that this paragraph shall not apply to (i) a recreational motor boat or (ii) subsequent to August thirty-first, nineteen hundred ninety-four, a commercial fishing vessel (as defined in subdivision (j) of section three hundred of this article) if the motor fuel imported and consumed in this state is used to operate such vessel while it is engaged in the harvesting of fish for sale **or (iii) a commercial sport fishing vessel, if such vessel provides its owner with at least fifty percent of such owner's total annual income**. Provided, further, that tax liability for gallonage that a vessel consumes shall be the tax liability with respect

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

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to the positive difference between the gallonage consumed in this state during the reporting period and the gallonage purchased in this state (upon which the tax imposed by this section has been paid) during such period. A credit or refund shall be available for any excess of tax liability for gallonage purchased in this state during the period over tax liability on gallonage so consumed in this state during such period, which excess shall be presumed to have been used outside this state.

§ 3. Subparagraph (B) of paragraph 1 of subdivision (c) of section 301-a of the tax law, as amended by section 19 of part K of chapter 61 of the laws of 2011, is amended to read as follows:

(B) Highway diesel motor fuel brought into this state in the fuel tank connecting with the engine of a vessel propelled by the use of such diesel motor fuel shall be deemed to constitute a taxable use of diesel motor fuel for the purpose of this paragraph to the extent of the fuel that is consumed in the operation of the vessel in this state. Provided, however, this paragraph shall not apply to (i) a recreational motor boat or (ii) a commercial fishing vessel (as defined in subdivision (j) of section three hundred of this article) if the highway diesel motor fuel imported into and consumed in this state is used to operate such commercial fishing vessel while it is engaged in the harvesting of fish for sale **or (iii) a commercial sport fishing vessel, if such vessel provides its owner with at least fifty percent of such owner's total annual income**. Provided, further, that tax liability for gallonage that a vessel consumes in this state shall be the tax liability with respect to the positive difference between the gallonage consumed in this state during the reporting period and the gallonage purchased in this state (upon which the tax imposed by this section has been paid) during such period. A credit or refund shall be available for any excess of tax liability for gallonage purchased in this state during the period over tax liability on gallonage so consumed in this state during such period, which excess shall be presumed to have been used outside this state.

§ 4. The opening paragraph of section 301-c of the tax law, as amended by section 2 of part T of chapter 59 of the laws of 2022, is amended to read as follows:

A subsequent purchaser shall be eligible for reimbursement of tax with respect to the following gallonage, subsequently sold by such purchaser in accordance with subdivision (a), (b), (e), (h), (j), (k), (n) or (o) of this section or used by such purchaser in accordance with subdivision (c), (d), (f), (g), **(g-1),** (i), (l), (m) or (q) of this section, which gallonage has been included in the measure of the tax imposed by this article on a petroleum business:

§ 5. The opening paragraph of section 301-c of the tax law, as amended by section 3 of part T of chapter 59 of the laws of 2022, is amended to read as follows:

A subsequent purchaser shall be eligible for reimbursement of tax with respect to the following gallonage, subsequently sold by such purchaser in accordance with subdivision (a), (b), (e), (h), (j) or (k) of this section or used by such purchaser in accordance with subdivision (c), (d), (f), (g), **(g-1),** (i), (l), (m) or (q) of this section, which gallonage has been included in the measure of the tax imposed by this article on a petroleum business:

§ 6. Section 301-c of the tax law is amended by adding a new subdivision (g-1) to read as follows:

(g-1) Diesel motor fuel and motor fuel used in the operation of commercial sport fishing vessels. Diesel motor fuel or motor fuel purchased in this state by the operator of a commercial sport fishing

vessel at retail wherein such diesel motor fuel or such motor fuel is delivered by a pump equipped with a hose directly into the fuel tank of a commercial sport fishing vessel to be used as fuel in the operation of such vessel for the purpose of providing sport fishing opportunities for hire to the general public; but only where (1) the tax imposed pursuant to this article has been paid with respect to such diesel motor fuel or such motor fuel and the entire amount of such tax has been absorbed by such purchaser, (2) such purchaser possesses documentary proof satisfactory to the commissioner evidencing the absorption by it of the entire amount of the tax imposed pursuant to this article, and (3) the vessel provides its owner with at least fifty percent of such owner's total annual income. Provided, however, that the commissioner shall require such documentary proof to qualify for any reimbursement of tax provided by this section as the commissioner deems appropriate.

§ 7. Subdivision (a) of section 1115 of the tax law is amended by adding a new paragraph 24-a to read as follows:

(24-a) Fuel used in vessels used directly and predominantly in a business providing sport fishing opportunities for hire to the general public; provided that such vessel provides its owner with at least fifty percent of such owner's total annual income.

§ 8. Subparagraph (i) of paragraph 1 of subdivision (a) of section 1210 of the tax law, as amended by section 5 of part J of chapter 59 of the laws of 2021, is amended to read as follows:

(i) Any local law, ordinance or resolution enacted by any city of less than one million or by any county or school district, imposing the taxes authorized by this subdivision, shall, notwithstanding any provision of law to the contrary, exclude from the operation of such local taxes all sales of tangible personal property for use or consumption directly and predominantly in the production of tangible personal property, gas, electricity, refrigeration or steam, for sale, by manufacturing, processing, generating, assembly, refining, mining or extracting; and all sales of tangible personal property for use or consumption predominantly either in the production of tangible personal property, for sale, by farming or in a commercial horse boarding operation, or in both; and all sales of fuel sold for use in commercial aircraft and general aviation aircraft; and the fuel used in commercial sport fishing vessels exemption provided for in paragraph twenty-four-a of subdivision (a) of section eleven hundred fifteen of this chapter; and, unless such city, county or school district elects otherwise, shall omit the provision for credit or refund contained in clause six of subdivision (a) or subdivision (d) of section eleven hundred nineteen of this chapter.

§ 9. Section 1210 of the tax law is amended by adding a new subdivision (q) to read as follows:

(q) Notwithstanding any other provision of state or local law, ordinance or resolution to the contrary:

(1) Any city having a population of one million or more in which the taxes imposed by section eleven hundred seven of this chapter are in effect, acting through its local legislative body, is hereby authorized and empowered to elect to provide the same exemptions from such taxes as the fuel used in commercial sport fishing vessels exemption from state sales and compensating use taxes described in paragraph twenty-four-a of subdivision (a) of section eleven hundred fifteen of this chapter by enacting a resolution in the form set forth in paragraph two of this subdivision; whereupon, upon compliance with the provisions of subdivisions (d) and (e) of this section, such enactment of such resolution shall be deemed to be an amendment to such section eleven hundred seven

and such section eleven hundred seven shall be deemed to incorporate such exemptions as if they had been duly enacted by the state legislature and approved by the governor.

(2) Form of Resolution: Be it enacted by the (insert proper title of local legislative body) as follows:

Section one. Receipts from sales of and consideration given or contracted to be given for, or for the use of, property and services exempt from state sales and compensating use taxes pursuant to paragraph twenty-four-a of subdivision (a) of section 1115 of the tax law shall also be exempt from sales and compensating use taxes imposed in this jurisdiction.

Section two. This resolution shall take effect June 1, (insert the year, but not earlier than the year 2023) and shall apply to sales made, services rendered and uses occurring on and after that date in accordance with the applicable transitional provisions in sections 1106, 1216 and 1217 of the New York tax law.

§ 10. This act shall take effect on the ninetieth day after it shall have become a law; provided, that the amendments to the opening paragraph of section 301-c of the tax law, made by section four of this act shall not affect the repeal of such paragraph pursuant to section 19 of part W-1 of chapter 109 of the laws of 2006, as amended, and shall be deemed repealed therewith, when upon such date the provisions of section five of this act shall take effect.