

## HB145 INTRODUCED



1      HB145  
2      ZQ9F8RR-1  
3      By Representative Lee  
4      RFD: Ways and Means General Fund  
5      First Read: 13-Jan-26  
6      PFD: 09-Jan-26



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## 4 SYNOPSIS:

5 Under existing law, a wholesaler, jobber,  
6 semijobber, registered retailer, importer, or any other  
7 person selling, receiving, or distributing tobacco  
8 products in this state must be permitted by the  
9 Department of Revenue. A permitted wholesaler or jobber  
10 may sell tobacco products that are sold, shipped, or  
11 delivered in interstate commerce to a person outside of  
12 this state without the Alabama revenue stamps affixed.

13 This bill would provide that a wholesale dealer  
14 and jobber permitted by the Department of Revenue and  
15 at least four other states, who purchases tobacco  
16 products directly from the manufacturer or an affiliate  
17 of the manufacturer and only makes sales for resale to  
18 a wholesale dealer, must register and be issued a  
19 permit by the department as an interstate warehouser.  
20 This bill would provide penalties for noncompliance.

21 This bill would also delete duplicative language  
22 and make nonsubstantive, technical revisions to update  
23 the existing code language to current style.

24  
25  
26 A BILL

27 TO BE ENTITLED

28 AN ACT



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29  
30 Relating to interstate warehouser tobacco tax; to amend  
31 Sections 40-25-1, 40-25-4.1, 40-25-8, as last amended by Act  
32 2025-448, 2025 Regular Session, 40-25-8.1, as last amended by  
33 Act 2025-448, 2025 Regular Session, 40-25-16.1, 40-25-18, as  
34 last amended by Act 2025-448, 2025 Regular Session, and  
35 40-25-25, as last amended by Act 2025-448, 2025 Regular  
36 Session, Code of Alabama 1975; to define an interstate  
37 warehouser, to require an interstate warehouser permit issued  
38 by the Department of Revenue; to add Section 40-25-15.1 to the  
39 Code of Alabama 1975; to provide application and enforcement  
40 provisions; to provide for penalties for noncompliance; and to  
41 make nonsubstantive, technical revisions to update the  
42 existing code language to current style.

43 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

51 "§40-25-1

52 For the purposes of this article, the following terms  
53 shall have the ~~respective~~ following meanings ~~ascribed by this~~  
54 ~~section~~:

55 (1) (10) WHOLESALE DEALER AND JOBBER. Persons, ~~firms, or~~  
56 ~~corporations who~~ that buy tobacco products direct from the



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57 manufacturer or an affiliate of the manufacturer and sell at  
58 wholesale only, any one or more of the articles taxed ~~herein~~  
59 under this article to licensed wholesale dealers, jobbers,  
60 semijobbers, and retail dealers for the purpose of resale  
61 only.

62 ~~(2)~~ (7) RETAIL DEALER. Every person, ~~firm, or~~  
63 ~~corporation,~~ other than a wholesale dealer or jobber, ~~who that~~  
64 sells or offers for sale any one or more of the articles taxed  
65 ~~herein~~ under this article, ~~irrespective~~ regardless of quantity  
66 or amount, or the number of sales; and all persons operating  
67 under a retail dealer's license.

68 ~~(3)~~ (8) SEMIJOBBER. ~~Persons, firms, or corporations~~ A  
69 person who ~~buy~~ buys tobacco products from permitted  
70 wholesalers or ~~obtain~~ obtains tobacco from any other source  
71 and ~~sell~~ sells at wholesale any one or more of the articles  
72 taxed ~~herein~~ under this article to licensed retail dealers for  
73 ~~the purpose of~~ resale only.

74 ~~(4)~~ (9) STAMPS. The ~~stamp or~~ stamps ~~by the use of~~  
75 through which the tax levied under this article ~~is~~ are paid  
76 and shall be designated Alabama Revenue Stamps.

77 ~~(5)~~ (3) CIGARS, CHEROOTS, or STOGIES, ~~ETC.~~ A roll for  
78 smoking that is of any size or shape, ~~and~~ that is made wholly  
79 or in part of tobacco or any tobacco substitute ~~therefor~~,  
80 ~~irrespective~~ regardless of whether the tobacco is pure, ~~or~~  
81 flavored, adulterated, or mixed with any other ingredient, ~~if~~  
82 ~~the roll has~~ with a wrapper made wholly or in part of  
83 tobacco.

84 ~~(6)~~ (5) HEATED TOBACCO PRODUCT. A product other than a



85 cigarette intended to be heated, containing tobacco that  
86 produces an inhalable aerosol by heating the tobacco by means  
87 of a device without combustion of the tobacco or by heat  
88 generated from a combustion source that only or primarily  
89 heats rather than burns the tobacco.

90 ~~(7)~~ (1) CIGARETTE ~~or~~ CIGARETTES. The same meaning as  
91 defined in Section 6-12-2 ~~and includes~~ including a cigarette  
92 ~~or cigarettes~~ intended to be heated.

93 ~~(8)~~ (2) CIGARETTE ~~OR~~ CIGARETTES INTENDED TO BE HEATED. A  
94 cigarette containing tobacco that produces an inhalable  
95 aerosol: (i) by heating the tobacco by means of an electronic  
96 device without combustion of the tobacco; or (ii) by heat  
97 generated from a combustion source that only or primarily  
98 heats rather than burns the tobacco.

99 (4) DEPARTMENT. The Alabama Department of Revenue.

100 (6) INTERSTATE WAREHOUSER. A person who purchases  
101 tobacco products directly from the manufacturer or an  
102 affiliate of the manufacturer and, solely for resale, sells  
103 any one or more of the articles taxed under this article to a  
104 permitted wholesale dealer who is qualified under Section  
105 40-25-16."

106 "§40-25-4.1

107 (a) Notwithstanding any other laws, the only persons or  
108 businesses who may be licensed to buy and affix ~~the~~ tax stamps  
109 of the Alabama Department of Revenue required by law to  
110 packages of tobacco products are: (i) wholesalers and  
111 distributors who buy the tobacco products direct from the  
112 manufacturer, or an affiliate of the manufacturer~~r~~; or (ii)



113 wholesalers who purchase tobacco products directly from an  
114 interstate warehouser permitted by the State of Alabama.  
115 ~~except that the~~ The manufacturer of the product may be allowed  
116 to affix the stamps to a tobacco product for the following  
117 purposes:

118 (1) Trademark registration.  
119 (2) Promotions of the product.  
120 (3) Test-marketing the product.

121 (b) ~~In order for~~ For a manufacturer to affix tax stamps  
122 to a tobacco product for a purpose described in subsection  
123 (a), the manufacturer shall give at least four weeks' prior  
124 written notice to the Commissioner of the ~~Department of~~  
125 Revenue department of ~~such~~ the manufacturer's intention, along  
126 with full details of the ~~exceptional event~~ purpose, including,  
127 but not limited to:

128 (1) The nature of the promotion.  
129 (2) The location and length of the promotion.  
130 (3) The estimated number of tobacco products to be  
131 offered for sale during the promotion.

132 (c) The ~~Department of Revenue~~ department shall notify  
133 all self-administered counties and municipalities of the  
134 manufacturer's request within seven days of receiving notice  
135 from the manufacturer by forwarding to each self-administered  
136 county and municipality a copy of the written notice,  
137 including the full details of the ~~exceptional event~~ purpose as  
138 set out above.

139 (d) Any person who violates this section shall be  
140 guilty of a Class A misdemeanor ~~and, upon conviction thereof,~~



141 ~~shall be punished as prescribed by law.~~"

142 "§40-25-8

143       (a) Any cigarettes, smoking tobacco, heated tobacco  
144 products, cigars, stogies, cheroots, chewing tobacco, snuff,  
145 or other products taxable under this article found at any  
146 point within the State of Alabama, which ~~the cigarettes,~~  
147 ~~smoking tobacco, heated tobacco products, cigars, stogies,~~  
148 ~~cheroots, chewing tobacco, snuff, or other products taxable~~  
149 ~~under this article shall~~ have been within the State of Alabama  
150 for a period of two hours, or longer, in possession of any  
151 retailer or semijobber ~~not having~~ without the stamps required  
152 by this article affixed to the package ~~the stamps as provided~~  
153 ~~in this article, or,~~ in the case of products not requiring a  
154 stamp to be affixed, where purchase invoices do not itemize  
155 the applicable tobacco taxes, are declared to be contraband  
156 goods and may be seized by the ~~Department of Revenue~~  
157 department, its agents of the department, or by any peace  
158 officer of the State of Alabama, ~~without a warrant.~~ ~~and the~~  
159 ~~goods~~ Goods confiscated pursuant to this subsection shall be  
160 delivered to the ~~Department of Revenue~~ department for  
161 destruction.

162       (b) Any ~~of the~~ goods, wares, or merchandise ~~when~~  
163 offered for sale, either at wholesale or retail without the  
164 stamps having been first affixed, or, in the case of products  
165 not requiring a stamp to be affixed, where purchase invoices  
166 do not itemize the applicable tobacco taxes, shall be subject  
167 to confiscation as hereinabove provided.

168       (c) Any untaxed cigarettes, smoking tobacco, heated



169 tobacco products, cigars, stogies, cheroots, chewing tobacco,  
170 snuff, or other products taxable under this article found at  
171 any location within the State of Alabama, other than the  
172 primary location of the permitted wholesaler or jobber,  
173 registered semijobber, registered retailer, or tobacco  
174 products manufacturer who stores tobacco products at a bonded  
175 warehouse in this state for resale, are declared to be  
176 contraband goods, and those goods may be seized by the  
177 ~~Department of Revenue department, or its agents of the~~  
178 ~~department,~~ or by any peace officer of the State of Alabama,  
179 without a warrant. ~~and the goods~~ Goods confiscated pursuant to  
180 ~~this subsection~~ shall be delivered to the ~~Department of~~  
181 ~~Revenue department~~ for destruction.

182 (d) Any vehicle, that is not a common carrier, or owned  
183 by an interstate warehouser permittee and that is used for the  
184 transportation for the purpose of ~~sale of selling~~ unstamped  
185 tobacco articles ~~as hereinabove enumerated~~ described in this  
186 ~~section~~ shall ~~likewise~~ be subject to confiscation and sale at  
187 public auction to the highest bidder after ~~due~~ advertisement  
188 and notice to the title owner of the vehicle. The proceeds of  
189 sale for any vehicle sold ~~hereunder pursuant to this~~  
190 ~~subsection~~ shall be deposited into the State Treasury by the  
191 ~~Department of Revenue department~~ to be credited in the same  
192 manner as the tax otherwise due on the tobacco products being  
193 transported. The cost of confiscation and sale shall be paid  
194 out of the sales proceeds ~~derived from the sale~~ before making  
195 remittance to the State Treasurer. Should any unstamped  
196 ~~tobaccos~~ tobacco products be found in any vehicle that is



197 engaged in the sale, distribution, or delivery of taxable  
198 ~~tobaccos~~ tobacco products, the same shall be prima facie  
199 evidence that ~~it was there~~ the tobacco products were for  
200 sale."

201 "§40-25-8.1

202 (a) Each person, firm, corporation, club, or  
203 association that transports products upon the public highways,  
204 roads, or streets of this state which are required to be  
205 stamped as provided in Section 40-25-8~~r~~ and which are not  
206 stamped, or on which the tax has not been paid in accordance  
207 with this chapter and Chapter 25A, ~~upon the public highways,~~  
208 ~~roads, or streets of this state~~ is required to have an active  
209 insterstate warehouser permit, tobacco permit, or transporters  
210 permit under this chapter. Failure to obtain a permit ~~prior to~~  
211 before transporting the products is a violation of this  
212 section. A violation of this section may result in the  
213 products being declared contraband goods that may be seized  
214 without warrant by any law enforcement officer in this state.  
215 The contraband goods may be disposed of or destroyed by the  
216 law enforcement officer in accordance with this chapter. In  
217 addition, a vehicle used in the transportation of confiscated  
218 products may be subject to confiscation by the law enforcement  
219 officer and sold at public auction to the highest bidder after  
220 ~~due~~ advertisement pursuant to Chapter 13 of Title 32.

221 (b) The owner~~or~~, driver, or both~~r~~ of a vehicle used in  
222 ~~a~~ violation of this section is guilty of a Class A misdemeanor  
223 unless the tobacco products being transported~~exceeds~~ exceed  
224 any of the following quantities: (i) 25,000 cigars~~r~~: (ii)



225 50,000 filtered cigars~~r~~; (iii) 50,000 little cigars~~r~~; (iv)  
226 50,000 cigarettes~~r~~; (v) 50,000 heated tobacco products~~r~~;  
227 (vi) 25,000 cigar wraps~~r~~; or (vii) 2,500 individual  
228 containers of loose or smokeless tobacco, in which case the  
229 owner or driver is guilty of a Class C felony. Any person  
230 convicted of a second or subsequent offense for a violation of  
231 this section is guilty of a Class C felony, regardless of the  
232 amount of tobacco products involved in the violation.

233 (c) This section shall not apply to individuals  
234 transporting tobacco for personal consumption as provided in  
235 Section 40-25-25."

236 "§40-25-11

237 All interstate warehousers, common carriers, contract  
238 carriers, buses, and trucks transporting tobacco products may  
239 be required, ~~under regulations to be prescribed~~ rules adopted  
240 by the ~~Department of Revenue~~ department, to transmit to the  
241 Department of Revenue a periodic statement of ~~such~~  
242 consignments or deliveries of tobacco products showing date,  
243 point of origin, point of delivery ~~and to whom delivered~~,  
244 recipient, and time of delivery, ~~and all~~ All interstate  
245 warehousers, common carriers, buses ~~or~~ and trucks shall  
246 permit examination by the ~~Department of Revenue~~ department or  
247 ~~its~~ the department's agents of their records relating to  
248 shipment or receipt of tobacco products. The interstate  
249 warehousers, common carriers, buses, and trucks shall permit  
250 the examination and investigation of their records of shipment  
251 or receipts relating to tobacco products, when and ~~wherever~~  
252 where it is deemed advisable and necessary by the ~~Department~~



253 ~~of Revenue department or its~~ the department's agents in the  
254 enforcement of this article. Inspectors, stamp deputies, and  
255 other ~~duly authorized~~ agents of the ~~Department of Revenue,~~  
256 department shall conduct these examinations ~~on~~ upon proper  
257 identification ~~from~~ and authorization ~~by~~ from the ~~Department~~  
258 ~~of Revenue, shall make such examination~~ department. Any  
259 person, firm, corporation, partnership, or association of  
260 persons who refuses to ~~transmit to the Department of Revenue~~  
261 ~~the statements hereinabove provided for, or who refuses to~~  
262 ~~permit the examination of his records by~~ submit the statements  
263 required by this section to the department, or who refuses to  
264 ~~permit the Department of Revenue~~ department or ~~its duly~~ an  
265 authorized agent of the department to examine its records,  
266 shall be guilty of a misdemeanor and upon conviction shall be  
267 punished by a fine of not less than one hundred dollars (\$100)  
268 nor more than five hundred dollars (\$500) for each ~~such~~  
269 offense."

270 "§40-25-16.1

271 (a) (1) Each interstate warehouser, wholesaler, jobber,  
272 semijobber, registered retailer, importer, or any other person  
273 selling, receiving, or distributing tobacco products in this  
274 state for resale shall file a report of its activity with the  
275 ~~Department of Revenue~~ department between the first and the  
276 twentieth of each month. The ~~information report~~ shall include,  
277 but not be limited to, the customer's name, address, invoice  
278 number, invoice date, ~~a~~ description of the tobacco products,  
279 the itemized tax, and any other information required by the  
280 department.



281        ~~(1)~~ (2) This subsection is enacted to aid the ~~Department~~  
282 ~~of Revenue~~ department in the enforcement of Section 40-23-260,  
283 which requires a seller of tobacco products selling or  
284 distributing to retailers in this state to report the sale of  
285 tobacco products if an exemption from the sales or use tax is  
286 claimed at the time of sale.

287        ~~(2)~~ (3) Any sale of tobacco products to a purchaser  
288 using a sales tax number to purchase the products is declared  
289 to be a purchase for resale, and the seller is required to  
290 obtain a tobacco account and report the sale on the monthly  
291 tobacco sales for resale report.

292        ~~(3)~~ (4) If a non-registered seller or a non-permitted  
293 interstate warehouser fails to obtain a tobacco account as  
294 required, the department may assess the following penalties:

295        a. On the first violation, ~~the non-registered seller~~  
296 ~~shall be issued~~ a written warning notice from the department.  
297 The notice shall ~~advise the non-registered seller of state~~ the  
298 penalty due ~~if the seller continues to fail to comply for~~  
299 continued noncompliance with this section.

300        b. On a second violation of this section, ~~the~~  
301 ~~non-registered seller shall be assessed~~ a civil penalty of one  
302 hundred dollars (\$100).

303        c. On a third or subsequent violation, ~~the~~  
304 ~~non-registered seller shall be assessed~~ a civil penalty of one  
305 hundred dollars (\$100) multiplied by the total number of  
306 violations that have been imposed under this section.

307        (b) The commissioner of the department shall establish  
308 ~~a web site~~ website for listing each interstate warehouser,



309 wholesaler, jobber, semijobber, retailer, importer, or  
310 distributor of tobacco products ~~that has~~ qualified or  
311 registered with the ~~Department of Revenue department~~.  
312 Purchases of tobacco products made from ~~an entity~~ entities  
313 other than ~~the above~~ those listed as permitted or registered  
314 ~~entities appearing~~ on the ~~department~~ department's website  
315 ~~listing~~ shall be subject to confiscation, as ~~provided for~~  
316 specified in this chapter."

317 "§40-25-18

318 (a) Persons failing to properly affix the required  
319 stamps to any cigars, cheroots, stogies, cigarettes, smoking  
320 tobacco, heated tobacco products, chewing tobacco, and snuff  
321 shall be required to pay, as part of the tax imposed ~~hereunder~~  
322 under this article, a penalty of not less than twenty-five  
323 dollars (\$25) ~~nor more than~~ per article on the first  
324 violation, two hundred fifty dollars (\$250) per article on the  
325 second violation, and five hundred dollars (\$500) per article  
326 on the third and subsequent violations. Each article or  
327 commodity ~~not having~~ without the proper stamps affixed ~~thereto~~  
328 ~~as herein as~~ required shall be ~~deemed~~ considered a separate  
329 offense. Any cigars, cheroots, stogies, cigarettes, smoking  
330 tobacco, heated tobacco products, chewing tobacco, and snuff  
331 ~~in the at a~~ place of business of any person required by this  
332 article to stamp ~~the same~~ the products shall be prima facie  
333 evidence that they are intended for sale. The Department of  
334 Revenue, upon good cause shown, may waive or ~~remit~~ reduce any  
335 penalty or any part ~~thereof~~ of a penalty provided for in this  
336 section. Any person, ~~firm, corporation, club, or association~~



337 ~~of persons~~ who has been found guilty of violating this article  
338 and who, after being punished by fine, penalty, assessment, or  
339 imprisonment, is found guilty of a second or subsequent  
340 violation of this article shall have his or her license, as  
341 provided in Sections 40-12-72 and 40-12-73, revoked by the  
342 department, and no further license or permit shall be issued  
343 or granted to that person, ~~firm, corporation, club, or~~  
344 ~~association of persons~~ for a period of one year from the date  
345 ~~their the~~ license or permit has been revoked. Notice of the  
346 revocation shall be mailed to the ~~probate~~ judge of probate and  
347 license inspector of the county in which the revocation was  
348 made.

349 (b) In addition to the penalty levied by the department  
350 pursuant to subsection (a), the county license inspector,  
351 license commissioner, revenue commissioner, tax assessor, or  
352 tax collector of the county in which the untaxed tobacco  
353 product is located may assess a penalty against any person  
354 failing to affix the required stamps to any cigars, cheroots,  
355 stogies, cigarettes, smoking tobacco, heated tobacco products L,  
356 ~~and or~~ snuff. The ~~amount of the~~ additional penalty shall ~~be~~  
357 not be less than one hundred dollars (\$100) nor more than five  
358 hundred dollars (\$500).

359 (c) The department and the local taxing official may  
360 assess the tax levied by this chapter pursuant to the  
361 assessment procedures set out in Chapter 2A of this title."

362 "§40-25-25

363 If any person, ~~firm, or corporation~~ who is not a  
364 regularly licensed dealer in tobacco products ~~shall have or a~~



365     permitted interstate warehouser has in his or her possession  
366     ~~within the state~~ more than 30 packages of unstamped cigarettes  
367     or heated tobacco products or more than one box of ~~unstamped~~  
368     untaxed cigars within the state, such possession ~~it~~ shall be  
369     presumed that the possession is to be for the purpose of  
370     evading the payment of the taxes due ~~thereon~~."

371           Section 2. Section 40-25-15.1, is added to the Code of  
372     Alabama 1975, to read as follows:

373           §40-25-15.1

374           (a) Before an interstate warehouser may ship tobacco  
375     products into this state, the interstate warehouser must  
376     possess a current interstate warehouser permit.

377           (b) (1) The annual application for an interstate  
378     warehouser permit must include the following items and any  
379     other information required by the department:

380           a. A copy of the current wholesale license or permit,  
381     or its equivalent, issued by at least four states other than  
382     Alabama.

383           b. A current Certificate of Authority issued by the  
384     Alabama Secretary of State if the applicant is not registered  
385     in Alabama as a domestic entity.

386           c. The name and address of each permitted wholesaler  
387     within this state to whom the applicant will be delivering  
388     tobacco products.

389           d. A copy of any contracts between the applicant and  
390     the permitted wholesalers in Alabama regarding the potential  
391     sale of tobacco products within this state.

392           e. A copy of the most recent audited financial



393 statements from a certified public accountant or a firm  
394 regularly engaged in the auditing of financial records.

395 f. A permit fee of two thousand dollars (\$2,000) for  
396 the initial application.

397 (2) An annual permit renewal fee of five hundred  
398 dollars (\$500) shall be due on October 1 of each following  
399 year with the annual renewal application. Failure to submit  
400 the required renewal application and fee by October 1 shall  
401 constitute a voluntary dismissal of the interstate wholesaler  
402 permit.

403 (3) Permit fees may be retained and used by the  
404 Department of Revenue for the enforcement of this chapter.

405 (c) An interstate warehouser permit is  
406 non-transferable, and the annual fees paid are non-refundable.

407 (d) The department may refuse to issue a permit to an  
408 applicant under this section if any of the following  
409 conditions exist:

410 (1) The application is incomplete or contains  
411 inaccurate information.

412 (2) The applicant has been convicted of any criminal  
413 offense involving fraud or misrepresentation.

414 (3) The applicant's wholesale license, permit, or  
415 equivalent, has been revoked by any other state.

416 (4) The applicant or its predecessor in business  
417 previously held an interstate warehouser permit that was  
418 revoked by Alabama and was not pending reinstatement by the  
419 Alabama Tax Tribunal within the past 12 months.

420 (5) The applicant has failed to file or pay any tax



421 administered by the department.

422 (6) The application is denied for other good cause  
423 which shall be detailed in a written response to the applicant  
424 by the Department of Revenue.

425 (e) The department may revoke the permit if the  
426 interstate warehouser has violated any provisions of this  
427 chapter or any rules of the department adopted under authority  
428 of this article.

429 (f) An interstate warehouser with the required permit  
430 may sell cigarettes and tobacco products without applying the  
431 taxes imposed by this article or attaching the state or county  
432 revenue stamps, provided that the products are sold to a  
433 wholesale dealer who is licensed by the State of Alabama.  
434 Additionally, the interstate warehouser must keep in its  
435 possession a record of the sale, the original purchase order,  
436 a copy of the invoice, a receipt from a common carrier or  
437 contract carrier showing shipment for delivery, or, if the  
438 interstate warehouser delivers directly to the qualified  
439 wholesale dealer, a receipt showing delivery along with the  
440 record, original purchase order, and invoice copy related to  
441 the sale.

442 (g) Any person who violates this section shall be  
443 subject to a penalty of one thousand dollars (\$1,000)  
444 multiplied by the total number of violations. This penalty is  
445 in addition to any other penalties that may be imposed under  
446 this chapter.

447 (h) Any unstamped tobacco product brought into the  
448 state other than by an interstate warehouser, a manufacturer,

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449 or an affiliate of a manufacturer for wholesale or retail sale  
450 shall be deemed contraband and subject to confiscation and  
451 applicable penalties.

452 (h) The department may adopt rules to implement and  
453 administer this section.

454 Section 3. This act shall become effective on October  
455 1, 2026.