

HB663 INTRODUCED



1 HB663
2 V71XZVV-1
3 By Representative Faulkner
4 RFD: Ways and Means General Fund
5 First Read: 31-Mar-26



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SYNOPSIS:

Under existing law, an excise tax in the amount of \$0.10 per milliliter is assessed against consumable vapor products sold in the state.

This bill would revise the calculation of the excise tax based on the amount of nicotine in the consumable vapor product.

This bill would require each consumable vapor product to be properly labeled with information stating the amount of nicotine in the product and the total liquid content of the product.

This bill would also provide civil penalties for violations of the product label requirements.

A BILL
TO BE ENTITLED
AN ACT

Relating to consumable vapor products; to amend Section 40-25-81, Code of Alabama 1975, as added by Act 2025-377, 2025 Regular Session, to further provide for the excise tax on consumable vapor products based on quantity of nicotine; to provide product labeling requirements for consumable vapor products; to require the Alcoholic Beverage Control Board to



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29 assess fines against e-liquid manufacturers for labeling
30 violations; and to require the board to assess fines for
31 retail violations concerning improperly labeled consumable
32 vapor products.

33 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

34 Section 1. Section 40-25-81, Code of Alabama 1975, as
35 added by Act 2025-377, 2025 Regular Session, is amended to
36 read as follows:

37 "§40-25-81

38 (a) (1) Beginning October 1, 2026, there is levied an
39 excise tax upon all consumable vapor products sold at
40 wholesale in this state or imported into this state for use,
41 consumption, or sale at retail. The tax shall be ~~ten~~levied as
42 follows:

43 a. Ten cents (\$0.10) per milliliter of a consumable
44 vapor product containing more than six milligrams per
45 milliliter of nicotine from tobacco, synthetic nicotine, or
46 any tobacco substitute as defined under Section 28-11-2.

47 b. Except as provided in paragraph c., five cents
48 (\$0.05) per milliliter of a consumable vapor product
49 containing six milligrams or less per milliliter of nicotine
50 from tobacco, synthetic nicotine, or any tobacco substitute as
51 defined under Section 28-11-2.

52 c. Ten cents (\$0.10) per milliliter of a consumable
53 vapor product if the label required in Section 2(a) of the act
54 amending this section is not affixed to the consumable vapor
55 product.

56 (2) The tax shall not apply to sales between licensed



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57 wholesalers, it being the purpose and intent of this provision
58 that the tax levied is a levy on the ultimate consumer or user
59 of consumable vapor products with the wholesaler acting merely
60 as an agent of the state for the collection and payment of the
61 tax to the state.

62 (b) (1) Except as provided in subdivision (2), the tax
63 shall be in addition to all other licenses and taxes levied by
64 law.

65 (2) The tax levied in subsection (a) shall be in lieu
66 of any business license fee measured by the volume of sale for
67 selling consumable vapor products. Any act of the Legislature
68 or resolution by a county commission passed or enacted on or
69 before October 1, 2025, imposing a business license fee on
70 engaging in the business of selling consumable vapor products,
71 is void. Nothing in this section shall be construed to
72 restrict a municipality's authority to issue a business
73 license pursuant to Article 2 of Chapter 51 of Title 11 on the
74 privilege of doing business as a consumable vapor products
75 wholesaler, importer, or retailer. Any business license issued
76 pursuant to Article 2 of Chapter 51 of Title 11 shall not be
77 measured by the volume of sale for selling consumable vapor
78 products.

79 (3) Notwithstanding any other provision of this
80 article, an act of the Legislature or an ordinance or
81 resolution by a taxing authority passed or enacted on or
82 before October 1, 2025, imposing or providing for the levy of
83 a local tax or license fee shall remain operative; however, no
84 additional local tax or license fee may be levied on the sale



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85 of consumable vapor products after October 1, 2025.

86 (c) The tax shall not apply to any consumable vapor
87 product exported from this state for which proof of export is
88 available in the form of a bill of lading, shipping document,
89 or invoice."

90 Section 2. (a) Every e-liquid manufacturer, as defined
91 under Section 28-11-2, Code of Alabama 1975, shall include
92 both of the following on the label of each e-liquid product:

93 (1) The amount of nicotine in milligrams per milliliter
94 of liquid.

95 (2) The total volume of the liquid contents of the
96 e-liquid product, expressed in milliliters.

97 (b) If an e-liquid manufacturer, as defined under
98 Section 28-11-2, Code of Alabama 1975, sells, furnishes, or
99 gives away a consumable vapor product, as defined under
100 Section 40-25-80, Code of Alabama 1975, without a label
101 required in subsection (a), the Alcoholic Beverage Control
102 Board shall assess against the e-liquid manufacturer a one
103 thousand dollar (\$1,000) fine for each day the product is
104 offered for sale in violation of this section. The fine shall
105 continue to be assessed each day until the offending product
106 is removed from the market or until the offending product is
107 properly labeled.

108 (c) If a retailer holding a permit under Section
109 28-11-7 or 28-11-7.1, Code of Alabama 1975, for the retail
110 sale of electronic nicotine delivery systems offers for sale a
111 consumable vapor product not labeled as required in subsection
112 (a), the Alcoholic Beverage Control Board shall assess the



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113 following administrative penalties:

114 (1) For a first offense within a four-year period, an
115 administrative penalty of one thousand dollars (\$1,000).

116 (2) For a second offense within a four-year period, an
117 administrative penalty of two thousand five hundred dollars
118 (\$2,500).

119 (3) For a third or subsequent offense within a
120 four-year period, an administrative penalty of five thousand
121 dollars (\$5,000). In addition, the board shall revoke the
122 permit of the permit holder and no permit may be issued to the
123 permit holder for a minimum of one year after the date of
124 revocation.

125 Section 3. This act shall become effective on October
126 1, 2026.