

SB134 ENROLLED



1 SB134
2 PS448ER-3
3 By Senator Beasley
4 RFD: County and Municipal Government
5 First Read: 13-Jan-26



Enrolled, An Act,

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-25-1, 40-25-4.1, 40-25-8, as last amended by Act 2025-448, 2025 Regular Session, 40-25-8.1, as last amended by Act 2025-448, 2025 Regular Session, 40-25-16.1, 40-25-18, as last amended by Act 2025-448, 2025 Regular Session, and 40-25-25, as last amended by Act 2025-448, 2025 Regular Session, Code of Alabama 1975, are amended to read as follows:

"§40-25-1

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



29 (1) (10) WHOLESALE DEALER AND JOBBER. Persons, firms, or
30 corporations who that buy tobacco products direct from the
31 manufacturer or an affiliate of the manufacturer and sell at
32 wholesale only, any one or more of the articles taxed ~~herein~~
33 under this article to licensed wholesale dealers, jobbers,
34 semijobbers, and retail dealers for the purpose of resale
35 only.

36 (2) (7) RETAIL DEALER. Every person, firm, or
37 corporation, other than a wholesale dealer or jobber, who that
38 sells or offers for sale any one or more of the articles taxed
39 herein under this article, irrespective regardless of quantity
40 or amount, or the number of sales; and all persons operating
41 under a retail dealer's license.

42 (3) (8) SEMIJOBBER. Persons, firms, or corporations A
43 person who buy buys tobacco products from permitted
44 wholesalers or obtain obtains tobacco from any other source
45 and sell sells at wholesale any one or more of the articles
46 taxed ~~herein~~ under this article to licensed retail dealers for
47 the purpose of resale only.

48 (4) (9) STAMPS. The stamp or stamps by the use of
49 through which the tax levied under this article is are paid
50 and shall be designated Alabama Revenue Stamps.

51 (5) (3) CIGARS, CHEROOTS, or STOGIES, ETC. A roll for
52 smoking that is of any size or shape, and that is made wholly
53 or in part of tobacco or any tobacco substitute therefor,
54 irrespective regardless of whether the tobacco is pure, or
55 flavored, adulterated, or mixed with any other ingredient, if
56 the roll has with a wrapper made wholly or in part of



57 tobacco.

58 ~~(6)~~ (5) HEATED TOBACCO PRODUCT. A product other than a
59 cigarette intended to be heated, containing tobacco that
60 produces an inhalable aerosol by heating the tobacco by means
61 of a device without combustion of the tobacco or by heat
62 generated from a combustion source that only or primarily
63 heats rather than burns the tobacco.

64 ~~(7)~~ (1) CIGARETTE—~~OR CIGARETTES~~. The same meaning as
65 defined in Section 6-12-2 and includes including a cigarette
66 ~~or cigarettes~~ intended to be heated.

67 ~~(8)~~ (2) CIGARETTE—~~OR CIGARETTES~~ INTENDED TO BE HEATED. A
68 cigarette containing tobacco that produces an inhalable
69 aerosol: (i) by heating the tobacco by means of an electronic
70 device without combustion of the tobacco; or (ii) by heat
71 generated from a combustion source that only or primarily
72 heats rather than burns the tobacco.

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

74 (6) INTERSTATE WAREHOUSER. A person who purchases
75 tobacco products directly from the manufacturer or an
76 affiliate of the manufacturer and, solely for resale, sells
77 any one or more of the articles taxed under this article to a
78 permitted wholesale dealer who is qualified under Section
79 40-25-16."

80 "§40-25-4.1

81 (a) Notwithstanding any other laws, the only persons or
82 businesses who may be licensed to buy and affix the tax stamps
83 of the Alabama Department of Revenue required by law to
84 packages of tobacco products are: (i) wholesalers and



85 distributors who buy the tobacco products direct from the
86 manufacturer, or an affiliate of the manufacturer; or (ii)
87 wholesalers who purchase tobacco products directly from an
88 interstate warehouse permitted by the State of Alabama.
89 ~~except that the~~ The manufacturer of the product may be allowed
90 to affix the stamps to a tobacco product for the following
91 purposes:

92 (1) Trademark registration.

93 (2) Promotions of the product.

94 (3) Test-marketing the product.

95 (b) ~~In order for~~ For a manufacturer to affix tax stamps

96 to a tobacco product for a purpose described in subsection

97 (a), the manufacturer shall give at least four weeks' prior

98 written notice to the Commissioner of the ~~Department of~~

99 ~~Revenue department of such~~ the manufacturer's intention, along

100 with full details of the ~~exceptional event~~ purpose, including,

101 but not limited to:

102 (1) The nature of the promotion.

103 (2) The location and length of the promotion.

104 (3) The estimated number of tobacco products to be

105 offered for sale during the promotion.

106 (c) ~~The Department of Revenue~~ department shall notify

107 all self-administered counties and municipalities of the

108 manufacturer's request within seven days of receiving notice

109 from the manufacturer by forwarding to each self-administered

110 county and municipality a copy of the written notice,

111 including the full details of the ~~exceptional event~~ purpose as

112 set out above.



113 (d) Any person who violates this section shall be
114 guilty of a Class A misdemeanor ~~and, upon conviction thereof,~~
115 ~~shall be punished as prescribed by law.~~"

116 "§40-25-8

117 (a) Any cigarettes, smoking tobacco, heated tobacco
118 products, cigars, stogies, cheroots, chewing tobacco, snuff,
119 or other products taxable under this article found at any
120 point within the State of Alabama, ~~which the cigarettes,~~
121 ~~smoking tobacco, heated tobacco products, cigars, stogies,~~
122 ~~cheroots, chewing tobacco, snuff, or other products taxable~~
123 ~~under this article shall~~ have been within the State of Alabama
124 for a period of two hours, or longer, in possession of any
125 retailer or semijobber ~~not having~~ without the stamps required
126 by this article affixed to the package ~~the stamps as provided~~
127 ~~in this article, or,~~ in the case of products not requiring a
128 stamp to be affixed, where purchase invoices do not itemize
129 the applicable tobacco taxes, are declared to be contraband
130 goods and may be seized by the ~~Department of Revenue~~
131 department, its agents of the department, or by any peace
132 officer of the State of Alabama, ~~without a warrant.~~ and the
133 goods Goods confiscated pursuant to this subsection shall be
134 delivered to the ~~Department of Revenue~~ department for
135 destruction.

136 (b) Any ~~of the~~ goods, wares, or merchandise ~~when~~
137 offered for sale, either at wholesale or retail without the
138 stamps having been first affixed, or, in the case of products
139 not requiring a stamp to be affixed, where purchase invoices
140 do not itemize the applicable tobacco taxes, shall be subject



141 to confiscation as hereinabove provided.

142 (c) Any untaxed cigarettes, smoking tobacco, heated
143 tobacco products, cigars, stogies, cheroots, chewing tobacco,
144 snuff, or other products taxable under this article found at
145 any location within the State of Alabama, other than the
146 primary location of the permitted wholesaler or jobber,
147 registered semijobber, registered retailer, or tobacco
148 products manufacturer who stores tobacco products at a bonded
149 warehouse in this state for resale, are declared to be
150 contraband goods, and those goods may be seized by the
151 ~~Department of Revenue~~ department, ~~or its agents of the~~
152 department, or by any peace officer of the State of Alabama,
153 without a warrant. ~~and the goods~~ Goods confiscated pursuant to
154 this subsection shall be delivered to the ~~Department of~~
155 Revenue department for destruction.

156 (d) Any vehicle, ~~that is~~ not a common carrier, ~~or owned~~
157 by an interstate warehouse permittee and that is used for the
158 transportation for the purpose of ~~sale of~~ selling unstamped
159 tobacco articles ~~as hereinabove enumerated~~ described in this
160 section shall ~~likewise~~ be subject to confiscation and sale at
161 public auction to the highest bidder after ~~due~~ advertisement
162 and notice to the title owner of the vehicle. The proceeds of
163 sale for any vehicle sold ~~hereunder~~ pursuant to this
164 subsection shall be deposited into the State Treasury by the
165 ~~Department of Revenue~~ department to be credited in the same
166 manner as the tax otherwise due on the tobacco products being
167 transported. The cost of confiscation and sale shall be paid
168 out of the ~~sales~~ proceeds derived from the sale before making



169 remittance to the State Treasurer. Should any unstamped
170 ~~tobaccos~~ tobacco products be found in any vehicle that is
171 engaged in the sale, distribution, or delivery of taxable
172 ~~tobaccos~~ tobacco products, the same shall be prima facie
173 evidence that ~~it was there~~ the tobacco products were for
174 sale."

175 "§40-25-8.1

176 (a) Each person, firm, corporation, club, or
177 association that transports products upon the public highways,
178 roads, or streets of this state which are required to be
179 stamped as provided in Section 40-25-87 and which are not
180 stamped, or on which the tax has not been paid in accordance
181 with this chapter and Chapter 25A, ~~upon the public highways,~~
182 ~~roads, or streets of this state is required to have an active~~
183 interstate warehouser permit, tobacco permit, or transporters
184 permit under this chapter. Failure to obtain a permit ~~prior to~~
185 before transporting the products is a violation of this
186 section. A violation of this section may result in the
187 products being declared contraband goods that may be seized
188 without warrant by any law enforcement officer in this state.
189 The contraband goods may be disposed of or destroyed by the
190 law enforcement officer in accordance with this chapter. In
191 addition, a vehicle used in the transportation of confiscated
192 products may be subject to confiscation by the law enforcement
193 officer and sold at public auction to the highest bidder after
194 ~~due~~ advertisement pursuant to Chapter 13 of Title 32.

195 (b) The owneror, driver, or both7 of a vehicle used in
196 a violation of this section is guilty of a Class A misdemeanor



197 unless the tobacco products being transported—~~exceeds~~ exceed
198 any of the following quantities: (i) 25,000 cigars, — (ii)
199 50,000 filtered cigars, —; (iii) 50,000 little cigars, —; (iv)
200 50,000 cigarettes, —; (v) 50,000 heated tobacco products, —; (vi)
201 25,000 cigar wraps, —; or (vii) 2,500 individual
202 containers of loose or smokeless tobacco, in which case the
203 owner or driver is guilty of a Class C felony. Any person
204 convicted of a second or subsequent offense for a violation of
205 this section is guilty of a Class C felony, regardless of the
206 amount of tobacco products involved in the violation.

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

210 "§40-25-11

211 All interstate warehousers, common carriers, contract
212 carriers, buses, and trucks transporting tobacco products may
213 be required, under regulations to be prescribed rules adopted
214 by the Department of Revenue department, to transmit to the
215 Department of Revenue a periodic statement of such
216 consignments or deliveries of tobacco products showing date,
217 point of origin, point of delivery and to whom delivered,
218 recipient, and time of delivery, and all All interstate
219 warehousers, common carriers, buses, or and trucks shall
220 permit examination by the Department of Revenue department or
221 its the department's agents of their records relating to
222 shipment or receipt of tobacco products. The interstate
223 warehousers, common carriers, buses, and trucks shall permit
224 the examination and investigation of their records of shipment



225 or receipts relating to tobacco products, when and wherever
226 where it is deemed advisable and necessary by the ~~Department~~
227 ~~of Revenue~~ ~~department~~ or ~~its~~ ~~the department's~~ agents in the
228 enforcement of this article. Inspectors, stamp deputies, and
229 other ~~duly~~ ~~authorized~~ agents of the ~~Department of Revenue~~,
230 ~~department~~ shall conduct these examinations ~~on~~ upon proper
231 identification ~~from~~ and authorization ~~by~~ from the ~~Department~~
232 ~~of Revenue~~, ~~shall make such examination~~ department. Any
233 person, firm, corporation, partnership, or association of
234 persons who refuses to ~~transmit to the~~ ~~Department of Revenue~~
235 ~~the statements hereinabove provided for, or who refuses to~~
236 ~~permit the examination of his records by~~ submit the statements
237 required by this section to the ~~department~~, ~~or who refuses to~~
238 ~~permit the~~ Department of Revenue ~~department~~ ~~or its~~ ~~duly~~ an
239 authorized agent ~~of the~~ department ~~to examine its records~~,
240 shall be guilty of a misdemeanor and upon conviction shall be
241 punished by a fine of not less than one hundred dollars (\$100)
242 nor more than five hundred dollars (\$500) for each ~~such~~
243 offense."

244 "§40-25-16.1

245 (a) (1) Each interstate warehouse, wholesaler, jobber,
246 semijobber, registered retailer, importer, or any other person
247 selling, receiving, or distributing tobacco products in this
248 state for resale shall file a report of its activity with the
249 ~~Department of Revenue~~ department between the first and the
250 twentieth of each month. The ~~information~~ report shall include,
251 but not be limited to, the customer's name, address, invoice
252 number, invoice date, a description of the tobacco products,



253 the itemized tax, and any other information required by the
254 department.

255 ~~(1)~~(2) This subsection is enacted to aid the ~~Department~~
256 ~~of Revenue department~~ in the enforcement of Section 40-23-260,
257 which requires a seller of tobacco products selling or
258 distributing to retailers in this state to report the sale of
259 tobacco products if an exemption from the sales or use tax is
260 claimed at the time of sale.

261 ~~(2)~~(3) Any sale of tobacco products to a purchaser
262 using a sales tax number to purchase the products is declared
263 to be a purchase for resale, and the seller is required to
264 obtain a tobacco account and report the sale on the monthly
265 tobacco sales for resale report.

266 ~~(3)~~(4) If a non-registered seller ~~or a non-permitted~~
267 ~~interstate warehouser~~ fails to obtain a tobacco account as
268 required, the department may assess the following penalties:

269 a. On the first violation, ~~the non-registered seller~~
270 ~~shall be issued~~ a written warning notice from the department.
271 The notice shall ~~advise the non-registered seller of state~~ the
272 penalty due ~~if the seller continues to fail to comply for~~
273 ~~continued noncompliance~~ with this section.

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

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



281 (b) The commissioner of the department shall establish
282 ~~a web site~~ website for listing each interstate warehouser,
283 wholesaler, jobber, semijobber, retailer, importer, or
284 distributor of tobacco products ~~that has~~ qualified or
285 registered with the ~~Department of Revenue~~ department.
286 Purchases of tobacco products made from ~~an entity~~ entities
287 other than ~~the above~~ those listed as permitted or registered
288 ~~entities appearing~~ on the ~~department~~ department's website
289 ~~listing~~ shall be subject to confiscation, as ~~provided for~~
290 specified in this chapter."

291 "§40-25-18

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



309 penalty or any part ~~thereof~~ of a penalty provided for in this
310 section. Any person, ~~firm, corporation, club, or association~~
311 ~~of persons~~ who has been found guilty of violating this article
312 and who, after being punished by fine, ~~penalty, assessment, or~~
313 imprisonment, is found guilty of a second or subsequent
314 violation of this article shall have his or her license, as
315 provided in Sections 40-12-72 and 40-12-73, revoked by the
316 department, and no further license or permit shall be issued
317 or granted to that person, ~~firm, corporation, club, or~~
318 ~~association of persons~~ for a period of one year from the date
319 ~~their~~ the license or permit has been revoked. Notice of the
320 revocation shall be mailed to the ~~probate~~ judge of probate and
321 license inspector of the county in which the revocation was
322 made.

323 (b) In addition to the penalty levied by the department
324 pursuant to subsection (a), the county license inspector,
325 license commissioner, revenue commissioner, tax assessor, or
326 tax collector of the county in which the untaxed tobacco
327 product is located may assess a penalty against any person
328 failing to affix the required stamps to any cigars, cheroots,
329 stogies, cigarettes, smoking tobacco, heated tobacco products,
330 ~~and~~ or snuff. The ~~amount of the~~ additional penalty shall ~~be~~
331 not be less than one hundred dollars (\$100) nor more than five
332 hundred dollars (\$500).

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

336 "§40-25-25



337 If any person, ~~firm, or corporation~~ who is not a
338 regularly licensed dealer in tobacco products ~~shall have or a~~
339 permitted interstate warehouser has in his or her possession
340 ~~within the state~~ more than 30 packages of unstamped cigarettes
341 or heated tobacco products or more than one box of ~~unstamped~~
342 untaxed cigars within the state, such possession it shall be
343 presumed that the possession is to be for the purpose of
344 evading the payment of the taxes due ~~thereon.~~"

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

347 §40-25-15.1

348 (a) Before an interstate warehouser may ship tobacco
349 products into this state, the interstate warehouser must
350 possess a current interstate warehouser permit.

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

354 a. A copy of the current wholesale license or permit,
355 or its equivalent, issued by at least four states other than
356 Alabama.

357 b. A current Certificate of Authority issued by the
358 Alabama Secretary of State if the applicant is not registered
359 in Alabama as a domestic entity.

360 c. The name and address of each permitted wholesaler
361 within this state to whom the applicant will be delivering
362 tobacco products.

363 d. A copy of any contracts between the applicant and
364 the permitted wholesalers in Alabama regarding the potential



365 sale of tobacco products within this state.

366 e. A copy of the most recent audited financial
367 statements from a certified public accountant or a firm
368 regularly engaged in the auditing of financial records.

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

371 (2) An annual permit renewal fee of five hundred
372 dollars (\$500) shall be due on October 1 of each following
373 year with the annual renewal application. Failure to submit
374 the required renewal application and fee by October 1 shall
375 constitute a voluntary dismissal of the interstate warehouser
376 permit.

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

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

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

384 (1) The application is incomplete or contains
385 inaccurate information.

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

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

390 (4) The applicant or its predecessor in business
391 previously held an interstate warehouser permit that was
392 revoked by Alabama and was not pending reinstatement by the



393 Alabama Tax Tribunal within the past 12 months.

394 (5) The applicant has failed to file or pay any tax
395 administered by the department.

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

399 (e) The department may revoke the permit if the
400 interstate warehouser has violated any provisions of this
401 chapter or any rules of the department adopted under authority
402 of this article.

403 (f) An interstate warehouser with the required permit
404 may sell cigarettes and tobacco products without applying the
405 taxes imposed by this article or attaching the state or county
406 revenue stamps, provided that the products are sold to a
407 wholesale dealer who is licensed by the State of Alabama.
408 Additionally, the interstate warehouser must keep in its
409 possession a record of the sale, the original purchase order,
410 a copy of the invoice, a receipt from a common carrier or
411 contract carrier showing shipment for delivery, or, if the
412 interstate warehouser delivers directly to the qualified
413 wholesale dealer, a receipt showing delivery along with the
414 record, original purchase order, and invoice copy related to
415 the sale.

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



421 (h) Any unstamped tobacco product brought into the
422 state other than by an interstate warehouser, a manufacturer,
423 or an affiliate of a manufacturer for wholesale or retail sale
424 shall be deemed contraband and subject to confiscation and
425 applicable penalties.

426 (h) The department may adopt rules to implement and
427 administer this section.

428 Section 3. This act shall become effective on October
429 1, 2026.

