SENATE BILL 595: Various Revenue Laws Changes, Part IV: Excise Tax Changes

2025-2026 General Assembly

Analysis of:	S.L. 2026-31, Part IV	**Date:**	August 14, 2026
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Part IV of S.L. 2026-31 (Senate Bill 595) makes various changes to the excise tax laws, including:

- Removing a requirement that nonresident spiritous liquor vendors register with the Department of Revenue because they do not remit tax as they sell directly to ABC stores, who are required to be registered with the Department.
- Clarifying the due date of tax for an intrastate motor carrier as being the last day of the month following the quarter in which the motor fuel or alternative fuel was used by the motor carrier.
- Creating a definition for "renewable diesel," which is a type of diesel fuel subject to motor fuels tax and is consistent with the definition used by the Federation of Tax Administrators, other states, and the industry. This section does not change the taxation of renewable diesel, which is already subject to tax.
- With respect to a supplier who owns tax-paid motor fuel and enters it into the terminal transfer system at a location other than an IRS-approved terminal, the following:
    - Allow the supplier a credit of the tax paid on the fuel, thereby reverting the fuel to non-tax-paid status while in the terminal transfer system. Generally, all fuel in the terminal transfer system is non-tax-paid and taxed at the terminal rack upon sale or export. This provision aligns the tax status of fuel in the terminal transfer system as non-tax-paid so that tax-paid fuel and non-tax-paid fuel are not intermixed.
    - Require the supplier to file a bond or an irrevocable letter of credit with the Secretary in the amount of $2,000,000 as a condition for receiving a license.
- Authorizing the Secretary to cancel a motor fuel exporter license if the Secretary determines the exporter has ceased operating in this State for one year.
- Providing the Secretary with explicit authority to audit records and examine equipment of alternative fuel licensees.
- Excluding motor fuel licensees from the Administrative Procedures Act.
- Clarifying that "gross wagering revenue" includes the cash value of any bonuses or promotional credits when returned to an interactive sports wagering operator ("operator") in the form of a deposit or sports wager. This is consistent with how the Department has advised taxpayers and is consistent with how promotional credits are treated for federal excise tax purposes.
- Clarifying that the tax rate applicable to snuff is not applicable to other smokeless tobacco products. This clarification is needed because the definitions of "snuff" and "smokeless tobacco"

overlap. This provision became effective July 1, 2026, and applies to sales occurring on or after that date.

- Clarifying the license that wholesale and retail dealers of alternative nicotine products must obtain.
- Clarifying that a distillery is required to remit excise tax on liquor sales occurring within a distillery estate district.
- Clarifying that a local ABC board must register with the Department of Revenue.
- Relieving resident breweries, resident wineries, and resident wine producers from having to file monthly informational reports with the Department. These permittees will still be required to file an annual informational report with the Department. This provision became effective July 1, 2026.

Except as otherwise stated, these provisions became effective July 2, 2026.