

54:40A-8, Sec.2 T&E and Note to 54:40A-11 et al
LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2025 **CHAPTER:** 68

NJSA: 54:40A-8, Sec.2 T&E and Note to 54:40A-11 et al Modifies tax rate on certain nicotine products.

BILL NO: A5805 (Substituted for S4659/4661 (SCS))

SPONSOR(S) Venezia, Michael and others

DATE INTRODUCED: 6/26/2025

COMMITTEE: **ASSEMBLY:** Budget

SENATE: --

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 06/30/2025

SENATE: 06/30/2025

DATE OF APPROVAL: 6/30/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (A5805 enacted)

ADVANCE LAW	Yes
PAMPHLET LAW	Yes

A5805

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes
REPRINT(S):	No
TECHNICAL REVIEW OF BILL:	No
COMMITTEE STATEMENT: ASSEMBLY:	Yes
SENATE:	No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	No

S4659/4661 (SCS)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	S4659 S4661
REPRINT(S):	Yes	SBA 6/26/25 SCS S4661
TECHNICAL REVIEW OF BILL:	No	

§2
T & E and Note to
C.54:40A-11
§5
T & E and Note to
C.54:40B-3.2
§6
T & E and Note to
C.54:40B-3.4
§8
Note to
C.54:40A-8,
C.54:40B-3.2,
C.54:40B-3.4, and
C.26:2H-18.58g

P.L. 2025, CHAPTER 68, *approved June 30, 2025*
Assembly, No. 5805

1 AN ACT concerning the taxation of cigarettes, liquid nicotine, and
2 container e-liquid, dedicating certain revenues to the Health Care
3 Subsidy Fund, and amending various parts of the statutory law.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to
9 read as follows:

10 301. Tax imposed; rate. A tax is hereby imposed on the sale,
11 use or possession for sale or use within this State of all cigarettes at
12 the rate of **[\$0.135]** \$0.15 for each cigarette.
13 (cf: P.L.2009, c.70, s.1)
14

15 2. (New section) a. Each licensed retail dealer under
16 P.L.1948, c.65 (C.54:40A-1 et seq.) shall, on or before the first day
17 of the second month after the effective date of
18 P.L. , c. (pending before the Legislature as this bill), file a
19 return under oath or certified under the penalties of perjury with the
20 director on forms furnished by the director, showing the number of
21 cigarettes in the licensed retail dealer's possession in the State at
22 12:01 a.m. on the effective date of P.L. , c. (pending before the
23 Legislature as this bill) and shall at the time of filing that return pay
24 the tax to the director. Failure to obtain such forms shall not be an
25 excuse for the failure to make a return containing the information
26 required by the director.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 b. Notwithstanding the provisions of section 401 of P.L.1948,
2 c.65 (C.54:40A-11) to the contrary, each licensed distributor and
3 licensed wholesale dealer under P.L.1948, c.65 (C.54:40A-1 et seq.)
4 shall, on or before the first day of the second month after the
5 effective date of P.L. , c. (pending before the Legislature as this
6 bill), file a return under oath or certified under the penalties of
7 perjury with the director on forms furnished by the director,
8 showing the amount of cigarettes in the dealer's or wholesaler's
9 possession in the State at the close of business prior to the effective
10 date of P.L. , c. (pending before the Legislature as this bill).
11 An amount of tax shall be due equal to the additional tax on the
12 number of cigarettes bearing stamps, and unaffixed stamps on hand.
13 Each licensed distributor and licensed wholesale dealer shall at the
14 time of filing that return pay the tax to the director. Failure to
15 obtain such forms shall not be an excuse for the failure to make a
16 return containing the information required by the director.

17

18 3. Section 5 of P.L.2018, c.50 (C.54:40B-3.2) is amended to
19 read as follows:

20 5. a. There is imposed a tax upon the sale, use, or distribution
21 of liquid nicotine within this State by a distributor or wholesaler to
22 a retail dealer or consumer at the rate of **[\$0.10]** \$0.30 per fluid
23 milliliter on the volume of the liquid nicotine as listed by the
24 manufacturer, and a proportionate rate on all fractional parts of a
25 fluid milliliter of volume of liquid nicotine as listed by the
26 manufacturer.

27 b. Unless liquid nicotine has already been or will be subject to
28 the tax imposed in subsection a. of this section, if a distributor or
29 wholesaler uses the liquid nicotine within the State, there is
30 imposed upon the distributor or wholesaler a compensating use tax
31 of **[\$0.10]** \$0.30 per fluid milliliter of the volume of liquid nicotine
32 as listed by the manufacturer, and a proportionate rate on all
33 fractional parts of a fluid milliliter of the volume of liquid nicotine
34 as listed by the manufacturer.

35 c. Unless a tax is due pursuant to subsection b. of this section,
36 if a distributor or wholesaler has not paid the tax imposed in
37 subsection a. of this section upon a sale that is subject to the tax
38 imposed in that subsection a., there is imposed upon the retail
39 dealer or consumer chargeable for the sale a compensating use tax
40 of **[\$0.10]** \$0.30 per fluid milliliter on the volume of the liquid
41 nicotine as listed by the manufacturer, and a proportionate rate on
42 all fractional parts of a fluid milliliter of the volume of liquid
43 nicotine as listed by the manufacturer, which shall be collected in
44 the manner provided in subsection b. of section 5 of P.L.1990, c.39
45 (C.54:40B-5).

46 d. The tax imposed pursuant to this section shall not apply to
47 the sale, use, or distribution of container e-liquid.
48 (cf: P.L.2019, c.147, s.3)

1 4. Section 5 of P.L.2019, c.147 (C.54:40B-3.4) is amended to
2 read as follows:

3 5. a. There is imposed a tax at the rate of ~~10~~ 30 percent of
4 the listed retail sale price of container e-liquid sold within the State.

5 b. The tax imposed pursuant to this section shall be collected
6 by the seller.

7 c. The seller shall be personally liable for the tax required to be
8 collected pursuant to this section.

9 d. The director shall prescribe the manner and method that the
10 tax shall be payable. The director may require such information and
11 records necessary for administration of the tax, including for the
12 purpose of consistent administration with other provisions of the
13 "Tobacco and Vapor Products Tax Act," P.L.1990, c.39 (C.54:40B-
14 1 et seq.).

15 (cf: P.L.2019, c.147, s.5)

16

17 5. (New section) Each distributor and wholesaler shall, on or
18 before the first day of the second month after the effective date of
19 P.L. , c. (pending before the Legislature as this bill), file a
20 return, under oath or certified under the penalties of perjury, with
21 the director on forms furnished by the director, showing the amount
22 of liquid nicotine in that distributor's or wholesaler's possession in
23 the State at 12:01 a.m. on the effective date of P.L. , c. (pending
24 before the Legislature as this bill), and shall, at the time of filing
25 that return, pay an amount of tax equal to the additional tax on the
26 amount of liquid nicotine in that distributor's or wholesaler's
27 possession to the director. Failure to obtain such forms shall not be
28 an excuse for the failure to make a return containing the
29 information required by the director.

30

31 6. (New section) Each retail dealer shall, on or before the first
32 day of the second month after the effective date of
33 P.L. , c. (pending before the Legislature as this bill), file a
34 return, under oath or certified under the penalties of perjury, with
35 the director on forms furnished by the director, showing the amount
36 of liquid nicotine in that retail dealer's possession in the State at
37 12:01 a.m. on the effective date of P.L. , c. (pending before the
38 Legislature as this bill), and shall file a return with the director in
39 such form as the director may prescribe and shall, at the time of
40 filing that return, pay an amount of tax equal to the additional tax
41 on the amount of liquid nicotine in that retail dealer's possession to
42 the director. Failure to obtain such forms shall not be an excuse for
43 the failure to make a return containing the information required by
44 the director.

45

46 7. Section 4 of P.L.1997, c.264 (C.26:2H-18.58g) is amended
47 to read as follows:

1 4. Notwithstanding the provisions of any other law to the
2 contrary,

3 a. commencing July 1, 1998 and ending June 30, 2006: after
4 the deposit required pursuant to section 5 of P.L.1982, c.40
5 (C.54:40A-37.1), the first \$150,000,000 of revenue collected
6 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
7 et seq.) and the first \$5,000,000 of revenue collected annually from
8 the "Tobacco Products Wholesale Sales and Use Tax Act,"
9 P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the
10 Health Care Subsidy Fund established pursuant to section 8 of
11 P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of
12 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
13 c.65 (C.54:40A-1 et seq.) shall be appropriated annually for health
14 programs, and the next \$50,000,000 of revenue collected annually
15 from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.)
16 shall be appropriated annually to the New Jersey Economic
17 Development Authority for payment of debt service incurred by the
18 authority for school facilities projects and in fiscal years
19 commencing July 1, 2002 and July 1, 2003, the next \$30,000,000 of
20 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
21 c.65 (C.54:40A-1 et seq.) shall be directed to the Department of
22 Health to fund anti-smoking initiatives, except that the amount shall
23 be \$40,000,000 in the fiscal year commencing July 1, 2004 and
24 \$45,000,000 in the fiscal year commencing July 1, 2005; **[and]**

25 b. commencing with fiscal years beginning on and after July 1,
26 2006, after the deposit required pursuant to section 5 of P.L.1982,
27 c.40 (C.54:40A-37.1), the first \$150,000,000 of revenue collected
28 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
29 et seq.) and the first \$5,000,000 of revenue collected annually from
30 the "Tobacco Products Wholesale Sales and Use Tax Act,"
31 P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the
32 Health Care Subsidy Fund established pursuant to section 8 of
33 P.L.1992, c.160 (C.26:2H-18.58). In addition, commencing with
34 fiscal years beginning on and after July 1, 2006 but before July 1,
35 2009, there shall be deposited \$215,000,000 of revenue collected
36 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
37 et seq.) in accordance with the provisions of section 5 of P.L.2004,
38 c.68 (C.34:1B-21.20), and, commencing with fiscal years beginning
39 on and after July 1, 2009, there shall be deposited \$241,500,000 of
40 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
41 c.65 (C.54:40A-1 et seq.) in accordance with the provisions of
42 section 5 of P.L.2004, c.68 (C.34:1B-21.20). In addition,
43 commencing with fiscal years beginning on and after July 1, 2018,
44 an amount equal to one percent of the total revenues collected
45 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
46 et seq.) and the "Tobacco Products Wholesale Sales and Use Tax
47 Act," P.L.1990, c.39 (C.54:40B-1 et seq.) shall be directed to the
48 Department of Health to fund and implement evidence-based

1 tobacco control programs that align with the federal Centers for
2 Disease Control and Prevention Best Practices for Comprehensive
3 Tobacco Control Programs and that include the goals of preventing
4 youth initiation of tobacco usage, reducing exposure to secondhand
5 smoke, and promotion of cessation. Funding priority shall be given
6 to programs that aim to reduce the incidence of smoking among the
7 State's Medicaid population and youth^[.]; and

8 c. commencing with fiscal years beginning on or after July 1,
9 2025, \$2,000,000 of revenue collected annually from the tax on
10 liquid nicotine pursuant to section 5 of P.L.2018, c.50 (C.54:40B-
11 3.2) and the tax on container e-liquid pursuant to section 5 of
12 P.L.2019, c.147 (C.54:40B-3.4) shall be deposited into the Health
13 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
14 c.160 (C.26:2H-18.58).

15 (cf: P.L.2017, c.241, s.1)

16
17 8. This act shall take effect on August 1, 2025.

18
19
20 STATEMENT

21
22 This bill increases the rate of tax imposed on cigarettes, liquid
23 nicotine, and container e-liquid, as recommended as part of the
24 Governor's Fiscal Year 2026 Budget, and dedicates a portion of the
25 revenues collected from the tax on liquid nicotine and container e-
26 liquid to the State's Health Care Subsidy Fund.

27 Under current law, the State imposes a tax on cigarettes at a rate
28 of \$0.135 per cigarette, or \$2.70 per pack of 20 cigarettes, which
29 tax rate has been in effect since 2009. This bill would increase this
30 tax rate to \$0.15 per cigarette, or \$3.00 per pack of 20 cigarettes.

31 Also under current law, liquid nicotine is taxed at a rate of \$0.10
32 per fluid milliliter on the volume of liquid as listed by the
33 manufacturer. Container e-liquid is taxed at the rate of 10 percent
34 of the listed retail sale price for the product sold within the State.
35 This bill would increase the tax rate from \$0.10 to \$0.30 per fluid
36 milliliter for liquid nicotine, and increase the tax rate on container
37 e-liquid from 10 percent to 30 percent of the listed retail sale price.

38 The bill's provisions increasing the tax rates for cigarettes, liquid
39 nicotine, and container e-liquid would take effect on August 1,
40 2025.

41 The bill would also require inventory reports and the payment of
42 higher rates of tax on the inventories of these products by
43 distributors, wholesalers, and retail suppliers in the State for the
44 time at which the tax rate increases go into effect.

45 Lastly, the bill would dedicate \$2 million of revenue collected
46 from the taxes imposed on liquid nicotine and container e-liquid to
47 the State's Health Care Subsidy Fund. Under current law, the fund,
48 administered by the Department of Health, annually receives

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1 dedicated revenues from a portion of the revenues collected
2 annually from the cigarette tax, as well as the tobacco products
3 wholesale sales and use tax. This bill would add a portion of the
4 revenues collected from the taxes on liquid nicotine and container
5 e-liquid as a dedicated revenue source for the fund.

6

7

8

9

10 _____
Modifies tax rate on certain nicotine products.

CHAPTER 68

AN ACT concerning the taxation of cigarettes, liquid nicotine, and container e-liquid, dedicating certain revenues to the Health Care Subsidy Fund, and amending various parts of the statutory law.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to read as follows:

C.54:40A-8 Tax imposed; rate.

301. Tax imposed; rate. A tax is hereby imposed on the sale, use or possession for sale or use within this State of all cigarettes at the rate of \$0.15 for each cigarette.

2. a. Each licensed retail dealer under P.L.1948, c.65 (C.54:40A-1 et seq.) shall, on or before the first day of the second month after the effective date of P.L.2025, c.68, file a return under oath or certified under the penalties of perjury with the director on forms furnished by the director, showing the number of cigarettes in the licensed retail dealer's possession in the State at 12:01 a.m. on the effective date of P.L.2025, c.68 and shall at the time of filing that return pay the tax to the director. Failure to obtain such forms shall not be an excuse for the failure to make a return containing the information required by the director.

b. Notwithstanding the provisions of section 401 of P.L.1948, c.65 (C.54:40A-11) to the contrary, each licensed distributor and licensed wholesale dealer under P.L.1948, c.65 (C.54:40A-1 et seq.) shall, on or before the first day of the second month after the effective date of P.L.2025, c.68, file a return under oath or certified under the penalties of perjury with the director on forms furnished by the director, showing the amount of cigarettes in the dealer's or wholesaler's possession in the State at the close of business prior to the effective date of P.L.2025, c.68. An amount of tax shall be due equal to the additional tax on the number of cigarettes bearing stamps, and unaffixed stamps on hand. Each licensed distributor and licensed wholesale dealer shall at the time of filing that return pay the tax to the director. Failure to obtain such forms shall not be an excuse for the failure to make a return containing the information required by the director.

3. Section 5 of P.L.2018, c.50 (C.54:40B-3.2) is amended to read as follows:

C.54:40B-3.2 Tax imposed on liquid nicotine.

5. a. There is imposed a tax upon the sale, use, or distribution of liquid nicotine within this State by a distributor or wholesaler to a retail dealer or consumer at the rate of \$0.30 per fluid milliliter on the volume of the liquid nicotine as listed by the manufacturer, and a proportionate rate on all fractional parts of a fluid milliliter of volume of liquid nicotine as listed by the manufacturer.

b. Unless liquid nicotine has already been or will be subject to the tax imposed in subsection a. of this section, if a distributor or wholesaler uses the liquid nicotine within the State, there is imposed upon the distributor or wholesaler a compensating use tax of \$0.30 per fluid milliliter of the volume of liquid nicotine as listed by the manufacturer, and a proportionate rate on all fractional parts of a fluid milliliter of the volume of liquid nicotine as listed by the manufacturer.

c. Unless a tax is due pursuant to subsection b. of this section, if a distributor or wholesaler has not paid the tax imposed in subsection a. of this section upon a sale that is subject to the tax imposed in that subsection a., there is imposed upon the retail dealer or consumer chargeable

for the sale a compensating use tax of \$0.30 per fluid milliliter on the volume of the liquid nicotine as listed by the manufacturer, and a proportionate rate on all fractional parts of a fluid milliliter of the volume of liquid nicotine as listed by the manufacturer, which shall be collected in the manner provided in subsection b. of section 5 of P.L.1990, c.39 (C.54:40B-5).

d. The tax imposed pursuant to this section shall not apply to the sale, use, or distribution of container e-liquid.

4. Section 5 of P.L.2019, c.147 (C.54:40B-3.4) is amended to read as follows:

C.54:40B-3.4 Tax imposed on sale of container e-liquid.

5. a. There is imposed a tax at the rate of 30 percent of the listed retail sale price of container e-liquid sold within the State.

b. The tax imposed pursuant to this section shall be collected by the seller.

c. The seller shall be personally liable for the tax required to be collected pursuant to this section.

d. The director shall prescribe the manner and method that the tax shall be payable. The director may require such information and records necessary for administration of the tax, including for the purpose of consistent administration with other provisions of the "Tobacco and Vapor Products Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.).

5. Each distributor and wholesaler shall, on or before the first day of the second month after the effective date of P.L.2025, c.68, file a return, under oath or certified under the penalties of perjury, with the director on forms furnished by the director, showing the amount of liquid nicotine in that distributor's or wholesaler's possession in the State at 12:01 a.m. on the effective date of P.L.2025, c.68, and shall, at the time of filing that return, pay an amount of tax equal to the additional tax on the amount of liquid nicotine in that distributor's or wholesaler's possession to the director. Failure to obtain such forms shall not be an excuse for the failure to make a return containing the information required by the director.

6. Each retail dealer shall, on or before the first day of the second month after the effective date of P.L.2025, c.68, file a return, under oath or certified under the penalties of perjury, with the director on forms furnished by the director, showing the amount of liquid nicotine in that retail dealer's possession in the State at 12:01 a.m. on the effective date of P.L.2025, c.68, and shall file a return with the director in such form as the director may prescribe and shall, at the time of filing that return, pay an amount of tax equal to the additional tax on the amount of liquid nicotine in that retail dealer's possession to the director. Failure to obtain such forms shall not be an excuse for the failure to make a return containing the information required by the director.

7. Section 4 of P.L.1997, c.264 (C.26:2H-18.58g) is amended to read as follows:

C.26:2H-18.58g Disposition of revenues collected from certain cigarette, other tobacco products tax revenues.

4. Notwithstanding the provisions of any other law to the contrary,

a. commencing July 1, 1998 and ending June 30, 2006: after the deposit required pursuant to section 5 of P.L.1982, c.40 (C.54:40A-37.1), the first \$150,000,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and the first \$5,000,000 of revenue collected annually from the "Tobacco Products Wholesale Sales and

Use Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the Health Care Subsidy Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated annually for health programs, and the next \$50,000,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) shall be appropriated annually to the New Jersey Economic Development Authority for payment of debt service incurred by the authority for school facilities projects and in fiscal years commencing July 1, 2002 and July 1, 2003, the next \$30,000,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) shall be directed to the Department of Health to fund anti-smoking initiatives, except that the amount shall be \$40,000,000 in the fiscal year commencing July 1, 2004 and \$45,000,000 in the fiscal year commencing July 1, 2005;

b. commencing with fiscal years beginning on and after July 1, 2006, after the deposit required pursuant to section 5 of P.L.1982, c.40 (C.54:40A-37.1), the first \$150,000,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and the first \$5,000,000 of revenue collected annually from the "Tobacco Products Wholesale Sales and Use Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the Health Care Subsidy Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58). In addition, commencing with fiscal years beginning on and after July 1, 2006 but before July 1, 2009, there shall be deposited \$215,000,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) in accordance with the provisions of section 5 of P.L.2004, c.68 (C.34:1B-21.20), and, commencing with fiscal years beginning on and after July 1, 2009, there shall be deposited \$241,500,000 of revenue collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) in accordance with the provisions of section 5 of P.L.2004, c.68 (C.34:1B-21.20). In addition, commencing with fiscal years beginning on and after July 1, 2018, an amount equal to one percent of the total revenues collected annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.) and the "Tobacco Products Wholesale Sales and Use Tax Act," P.L.1990, c.39 (C.54:40B-1 et seq.) shall be directed to the Department of Health to fund and implement evidence-based tobacco control programs that align with the federal Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs and that include the goals of preventing youth initiation of tobacco usage, reducing exposure to secondhand smoke, and promotion of cessation. Funding priority shall be given to programs that aim to reduce the incidence of smoking among the State's Medicaid population and youth; and

c. commencing with fiscal years beginning on or after July 1, 2025, \$2,000,000 of revenue collected annually from the tax on liquid nicotine pursuant to section 5 of P.L.2018, c.50 (C.54:40B-3.2) and the tax on container e-liquid pursuant to section 5 of P.L.2019, c.147 (C.54:40B-3.4) shall be deposited into the Health Care Subsidy Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58).

8. This act shall take effect on August 1, 2025.

Approved June 30, 2025.

ASSEMBLY, No. 5805

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 26, 2025

Sponsored by:

Assemblyman MICHAEL VENEZIA

District 34 (Essex)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Modifies tax rate on certain nicotine products.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/30/2025)

A5805 VENEZIA

2

1 AN ACT concerning the taxation of cigarettes, liquid nicotine, and
2 container e-liquid, dedicating certain revenues to the Health Care
3 Subsidy Fund, and amending various parts of the statutory law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to
9 read as follows:

10 301. Tax imposed; rate. A tax is hereby imposed on the sale,
11 use or possession for sale or use within this State of all cigarettes at
12 the rate of **[\$0.135]** \$0.15 for each cigarette.

13 (cf: P.L.2009, c.70, s.1)

14
15 2. (New section) a. Each licensed retail dealer under
16 P.L.1948, c.65 (C.54:40A-1 et seq.) shall, on or before the first day
17 of the second month after the effective date of
18 P.L. , c. (pending before the Legislature as this bill), file a
19 return under oath or certified under the penalties of perjury with the
20 director on forms furnished by the director, showing the number of
21 cigarettes in the licensed retail dealer's possession in the State at
22 12:01 a.m. on the effective date of P.L. , c. (pending before the
23 Legislature as this bill) and shall at the time of filing that return pay
24 the tax to the director. Failure to obtain such forms shall not be an
25 excuse for the failure to make a return containing the information
26 required by the director.

27 b. Notwithstanding the provisions of section 401 of P.L.1948,
28 c.65 (C.54:40A-11) to the contrary, each licensed distributor and
29 licensed wholesale dealer under P.L.1948, c.65 (C.54:40A-1 et seq.)
30 shall, on or before the first day of the second month after the
31 effective date of P.L. , c. (pending before the Legislature as this
32 bill), file a return under oath or certified under the penalties of
33 perjury with the director on forms furnished by the director,
34 showing the amount of cigarettes in the dealer's or wholesaler's
35 possession in the State at the close of business prior to the effective
36 date of P.L. , c. (pending before the Legislature as this bill).
37 An amount of tax shall be due equal to the additional tax on the
38 number of cigarettes bearing stamps, and unaffixed stamps on hand.
39 Each licensed distributor and licensed wholesale dealer shall at the
40 time of filing that return pay the tax to the director. Failure to
41 obtain such forms shall not be an excuse for the failure to make a
42 return containing the information required by the director.

43
44 3. Section 5 of P.L.2018, c.50 (C.54:40B-3.2) is amended to
45 read as follows:

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

A5805 VENEZIA

1 5. a. There is imposed a tax upon the sale, use, or distribution
2 of liquid nicotine within this State by a distributor or wholesaler to
3 a retail dealer or consumer at the rate of ~~【\$0.10】~~ \$0.30 per fluid
4 milliliter on the volume of the liquid nicotine as listed by the
5 manufacturer, and a proportionate rate on all fractional parts of a
6 fluid milliliter of volume of liquid nicotine as listed by the
7 manufacturer.

8 b. Unless liquid nicotine has already been or will be subject to
9 the tax imposed in subsection a. of this section, if a distributor or
10 wholesaler uses the liquid nicotine within the State, there is
11 imposed upon the distributor or wholesaler a compensating use tax
12 of ~~【\$0.10】~~ \$0.30 per fluid milliliter of the volume of liquid nicotine
13 as listed by the manufacturer, and a proportionate rate on all
14 fractional parts of a fluid milliliter of the volume of liquid nicotine
15 as listed by the manufacturer.

16 c. Unless a tax is due pursuant to subsection b. of this section,
17 if a distributor or wholesaler has not paid the tax imposed in
18 subsection a. of this section upon a sale that is subject to the tax
19 imposed in that subsection a., there is imposed upon the retail
20 dealer or consumer chargeable for the sale a compensating use tax
21 of ~~【\$0.10】~~ \$0.30 per fluid milliliter on the volume of the liquid
22 nicotine as listed by the manufacturer, and a proportionate rate on
23 all fractional parts of a fluid milliliter of the volume of liquid
24 nicotine as listed by the manufacturer, which shall be collected in
25 the manner provided in subsection b. of section 5 of P.L.1990, c.39
26 (C.54:40B-5).

27 d. The tax imposed pursuant to this section shall not apply to
28 the sale, use, or distribution of container e-liquid.
29 (cf: P.L.2019, c.147, s.3)

30

31 4. Section 5 of P.L.2019, c.147 (C.54:40B-3.4) is amended to
32 read as follows:

33 5. a. There is imposed a tax at the rate of ~~【10】~~ 30 percent of
34 the listed retail sale price of container e-liquid sold within the State.

35 b. The tax imposed pursuant to this section shall be collected
36 by the seller.

37 c. The seller shall be personally liable for the tax required to be
38 collected pursuant to this section.

39 d. The director shall prescribe the manner and method that the
40 tax shall be payable. The director may require such information and
41 records necessary for administration of the tax, including for the
42 purpose of consistent administration with other provisions of the
43 "Tobacco and Vapor Products Tax Act," P.L.1990, c.39 (C.54:40B-
44 1 et seq.).

45 (cf: P.L.2019, c.147, s.5)

46

47 5. (New section) Each distributor and wholesaler shall, on or
48 before the first day of the second month after the effective date of

1 P.L. , c. (pending before the Legislature as this bill), file a
2 return, under oath or certified under the penalties of perjury, with
3 the director on forms furnished by the director, showing the amount
4 of liquid nicotine in that distributor's or wholesaler's possession in
5 the State at 12:01 a.m. on the effective date of P.L. , c. (pending
6 before the Legislature as this bill), and shall, at the time of filing
7 that return, pay an amount of tax equal to the additional tax on the
8 amount of liquid nicotine in that distributor's or wholesaler's
9 possession to the director. Failure to obtain such forms shall not be
10 an excuse for the failure to make a return containing the
11 information required by the director.

12

13 6. (New section) Each retail dealer shall, on or before the first
14 day of the second month after the effective date of
15 P.L. , c. (pending before the Legislature as this bill), file a
16 return, under oath or certified under the penalties of perjury, with
17 the director on forms furnished by the director, showing the amount
18 of liquid nicotine in that retail dealer's possession in the State at
19 12:01 a.m. on the effective date of P.L. , c. (pending before the
20 Legislature as this bill), and shall file a return with the director in
21 such form as the director may prescribe and shall, at the time of
22 filing that return, pay an amount of tax equal to the additional tax
23 on the amount of liquid nicotine in that retail dealer's possession to
24 the director. Failure to obtain such forms shall not be an excuse for
25 the failure to make a return containing the information required by
26 the director.

27

28 7. Section 4 of P.L.1997, c.264 (C.26:2H-18.58g) is amended
29 to read as follows:

30 4. Notwithstanding the provisions of any other law to the
31 contrary,

32 a. commencing July 1, 1998 and ending June 30, 2006: after
33 the deposit required pursuant to section 5 of P.L.1982, c.40
34 (C.54:40A-37.1), the first \$150,000,000 of revenue collected
35 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
36 et seq.) and the first \$5,000,000 of revenue collected annually from
37 the "Tobacco Products Wholesale Sales and Use Tax Act,"
38 P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the
39 Health Care Subsidy Fund established pursuant to section 8 of
40 P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of
41 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
42 c.65 (C.54:40A-1 et seq.) shall be appropriated annually for health
43 programs, and the next \$50,000,000 of revenue collected annually
44 from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.)
45 shall be appropriated annually to the New Jersey Economic
46 Development Authority for payment of debt service incurred by the
47 authority for school facilities projects and in fiscal years
48 commencing July 1, 2002 and July 1, 2003, the next \$30,000,000 of

1 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
2 c.65 (C.54:40A-1 et seq.) shall be directed to the Department of
3 Health to fund anti-smoking initiatives, except that the amount shall
4 be \$40,000,000 in the fiscal year commencing July 1, 2004 and
5 \$45,000,000 in the fiscal year commencing July 1, 2005; **[and]**

6 b. commencing with fiscal years beginning on and after July 1,
7 2006, after the deposit required pursuant to section 5 of P.L.1982,
8 c.40 (C.54:40A-37.1), the first \$150,000,000 of revenue collected
9 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
10 et seq.) and the first \$5,000,000 of revenue collected annually from
11 the "Tobacco Products Wholesale Sales and Use Tax Act,"
12 P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the
13 Health Care Subsidy Fund established pursuant to section 8 of
14 P.L.1992, c.160 (C.26:2H-18.58). In addition, commencing with
15 fiscal years beginning on and after July 1, 2006 but before July 1,
16 2009, there shall be deposited \$215,000,000 of revenue collected
17 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
18 et seq.) in accordance with the provisions of section 5 of P.L.2004,
19 c.68 (C.34:1B-21.20), and, commencing with fiscal years beginning
20 on and after July 1, 2009, there shall be deposited \$241,500,000 of
21 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
22 c.65 (C.54:40A-1 et seq.) in accordance with the provisions of
23 section 5 of P.L.2004, c.68 (C.34:1B-21.20). In addition,
24 commencing with fiscal years beginning on and after July 1, 2018,
25 an amount equal to one percent of the total revenues collected
26 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
27 et seq.) and the "Tobacco Products Wholesale Sales and Use Tax
28 Act," P.L.1990, c.39 (C.54:40B-1 et seq.) shall be directed to the
29 Department of Health to fund and implement evidence-based
30 tobacco control programs that align with the federal Centers for
31 Disease Control and Prevention Best Practices for Comprehensive
32 Tobacco Control Programs and that include the goals of preventing
33 youth initiation of tobacco usage, reducing exposure to secondhand
34 smoke, and promotion of cessation. Funding priority shall be given
35 to programs that aim to reduce the incidence of smoking among the
36 State's Medicaid population and youth**[.] ; and**

37 c. commencing with fiscal years beginning on or after July 1,
38 2025, \$2,000,000 of revenue collected annually from the tax on
39 liquid nicotine pursuant to section 5 of P.L.2018, c.50 (C.54:40B-
40 3.2) and the tax on container e-liquid pursuant to section 5 of
41 P.L.2019, c.147 (C.54:40B-3.4) shall be deposited into the Health
42 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
43 c.160 (C.26:2H-18.58).

44 (cf: P.L.2017, c.241, s.1)

45

46 8. This act shall take effect on August 1, 2025.

STATEMENT

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This bill increases the rate of tax imposed on cigarettes, liquid nicotine, and container e-liquid, as recommended as part of the Governor’s Fiscal Year 2026 Budget, and dedicates a portion of the revenues collected from the tax on liquid nicotine and container e-liquid to the State’s Health Care Subsidy Fund.

Under current law, the State imposes a tax on cigarettes at a rate of \$0.135 per cigarette, or \$2.70 per pack of 20 cigarettes, which tax rate has been in effect since 2009. This bill would increase this tax rate to \$0.15 per cigarette, or \$3.00 per pack of 20 cigarettes.

Also under current law, liquid nicotine is taxed at a rate of \$0.10 per fluid milliliter on the volume of liquid as listed by the manufacturer. Container e-liquid is taxed at the rate of 10 percent of the listed retail sale price for the product sold within the State. This bill would increase the tax rate from \$0.10 to \$0.30 per fluid milliliter for liquid nicotine, and increase the tax rate on container e-liquid from 10 percent to 30 percent of the listed retail sale price.

The bill’s provisions increasing the tax rates for cigarettes, liquid nicotine, and container e-liquid would take effect on August 1, 2025.

The bill would also require inventory reports and the payment of higher rates of tax on the inventories of these products by distributors, wholesalers, and retail suppliers in the State for the time at which the tax rate increases go into effect.

Lastly, the bill would dedicate \$2 million of revenue collected from the taxes imposed on liquid nicotine and container e-liquid to the State’s Health Care Subsidy Fund. Under current law, the fund, administered by the Department of Health, annually receives dedicated revenues from a portion of the revenues collected annually from the cigarette tax, as well as the tobacco products wholesale sales and use tax. This bill would add a portion of the revenues collected from the taxes on liquid nicotine and container e-liquid as a dedicated revenue source for the fund.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5805

STATE OF NEW JERSEY

DATED: JUNE 26, 2025

The Assembly Budget Committee reports favorably Assembly Bill No. 5805.

As reported, this bill increases the rate of tax imposed on cigarettes, liquid nicotine, and container e-liquid, as recommended as part of the Governor's Fiscal Year 2026 Budget, and dedicates a portion of the revenues collected from the tax on liquid nicotine and container e-liquid to the State's Health Care Subsidy Fund.

Under current law, the State imposes a tax on cigarettes at a rate of \$0.135 per cigarette, or \$2.70 per pack of 20 cigarettes, which tax rate has been in effect since 2009. This bill would increase this tax rate to \$0.15 per cigarette, or \$3.00 per pack of 20 cigarettes.

Also under current law, liquid nicotine is taxed at a rate of \$0.10 per fluid milliliter on the volume of liquid as listed by the manufacturer. Container e-liquid is taxed at the rate of 10 percent of the listed retail sale price for the product sold within the State. This bill would increase the tax rate from \$0.10 to \$0.30 per fluid milliliter for liquid nicotine, and increase the tax rate on container e-liquid from 10 percent to 30 percent of the listed retail sale price.

The bill's provisions increasing the tax rates for cigarettes, liquid nicotine, and container e-liquid would take effect on August 1, 2025.

The bill would also require inventory reports and the payment of higher rates of tax on the inventories of these products by distributors, wholesalers, and retail suppliers in the State for the time at which the tax rate increases go into effect.

Lastly, the bill would dedicate \$2 million of revenue collected from the taxes imposed on liquid nicotine and container e-liquid to the State's Health Care Subsidy Fund. Under current law, the fund, administered by the Department of Health, annually receives dedicated revenues from a portion of the revenues collected annually from the cigarette tax, as well as the tobacco products wholesale sales and use tax. This bill would add a portion of the revenues collected from the taxes on liquid nicotine and container e-liquid as a dedicated revenue source for the fund.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

SENATE, No. 4659

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 23, 2025

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

SYNOPSIS

Increases cigarette tax rate from \$2.70 to \$3.00 per pack.

CURRENT VERSION OF TEXT

As introduced.



S4659 SARLO

2

1 AN ACT increasing the cigarette tax rate, and amending P.L.1948,
2 c.65.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to
8 read as follows:

9 301. Tax imposed; rate. A tax is hereby imposed on the sale,
10 use or possession for sale or use within this State of all cigarettes at
11 the rate of **[\$0.135]** \$0.15 for each cigarette.

12 (cf: P.L.2009, c.70, s.1)

13

14 2. (New section) a. Each licensed retail dealer under
15 P.L.1948, c.65 (C.54:40A-1 et seq.) shall, on or before the first day
16 of the second month after the effective date of P.L. , c.
17 (pending before the Legislature as this bill), file a return under oath
18 or certified under the penalties of perjury with the director on forms
19 furnished by the director, showing the number of cigarettes in the
20 licensed retail dealer's possession in the State at :12:01 a.m. on the
21 effective date of P.L. , c. (pending before the Legislature as this
22 bill) and shall at the time of filing that return pay the tax to the
23 director. Failure to obtain such forms shall not be an excuse for the
24 failure to make a return containing the information required by the
25 director.

26 b. Notwithstanding the provisions of section 401 of P.L.1948,
27 c.65 (C.54:40A-11) to the contrary, each licensed distributor and
28 licensed wholesale dealer under P.L.1948, c.65 (C.54:40A-1 et seq.)
29 shall, on or before the first day of the second month after the
30 effective date of P.L. , c. (pending before the Legislature as this
31 bill), file a return under oath or certified under the penalties of
32 perjury with the director on forms furnished by the director,
33 showing the amount of cigarettes in the dealer's or wholesaler's
34 possession in the State at the close of business prior to the effective
35 date of P.L. , c. (pending before the Legislature as this bill).
36 An amount of tax shall be due equal to the additional tax on the
37 number of cigarettes bearing stamps, and unaffixed stamps on hand.
38 Each licensed distributor and licensed wholesale dealer shall at the
39 time of filing that return pay the tax to the director. Failure to
40 obtain such forms shall not be an excuse for the failure to make a
41 return containing the information required by the director.

42

43 3. This act shall take effect on August 1, 2025.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 STATEMENT

2

3 This bill increases the rate of tax imposed on cigarettes, as
4 recommended as part of the Governor's Fiscal Year 2026 Budget.

5 Under current law, the State imposes a tax on cigarettes at a rate
6 of \$0.135 per cigarette, or \$2.70 per pack of 20 cigarettes, which
7 tax rate has been in effect since 2009. This bill would increase this
8 tax rate to \$0.15 per cigarette, or \$3.00 per pack of 20 cigarettes,
9 and would take effect on August 1, 2025.

10 The Governor's Fiscal Year 2026 Budget recommendations
11 include the enactment of legislation to increase the cigarette tax rate
12 by \$0.30 per pack of 20 cigarettes. This bill is intended to
13 implement this recommendation.

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 4659 and 4661

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED JUNE 26, 2025

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Modifies tax rate on certain nicotine products.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



1 AN ACT concerning the taxation of cigarettes, liquid nicotine, and
2 container e-liquid, dedicating certain revenues to the Health Care
3 Subsidy Fund, and amending various parts of the statutory law.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to
9 read as follows:

10 301. Tax imposed; rate. A tax is hereby imposed on the sale,
11 use or possession for sale or use within this State of all cigarettes at
12 the rate of **[\$0.135]** \$0.15 for each cigarette.
13 (cf: P.L.2009, c.70, s.1)
14

15 2. (New section) a. Each licensed retail dealer under
16 P.L.1948, c.65 (C.54:40A-1 et seq.) shall, on or before the first day
17 of the second month after the effective date of P.L. , c.
18 (pending before the Legislature as this bill), file a return under oath
19 or certified under the penalties of perjury with the director on forms
20 furnished by the director, showing the number of cigarettes in the
21 licensed retail dealer's possession in the State at 12:01 a.m. on the
22 effective date of P.L. , c. (pending before the Legislature as this
23 bill) and shall at the time of filing that return pay the tax to the
24 director. Failure to obtain such forms shall not be an excuse for the
25 failure to make a return containing the information required by the
26 director.

27 b. Notwithstanding the provisions of section 401 of P.L.1948,
28 c.65 (C.54:40A-11) to the contrary, each licensed distributor and
29 licensed wholesale dealer under P.L.1948, c.65 (C.54:40A-1 et seq.)
30 shall, on or before the first day of the second month after the
31 effective date of P.L. , c. (pending before the Legislature as this
32 bill), file a return under oath or certified under the penalties of
33 perjury with the director on forms furnished by the director,
34 showing the amount of cigarettes in the dealer's or wholesaler's
35 possession in the State at the close of business prior to the effective
36 date of P.L. , c. (pending before the Legislature as this bill).
37 An amount of tax shall be due equal to the additional tax on the
38 number of cigarettes bearing stamps, and unaffixed stamps on hand.
39 Each licensed distributor and licensed wholesale dealer shall at the
40 time of filing that return pay the tax to the director. Failure to
41 obtain such forms shall not be an excuse for the failure to make a
42 return containing the information required by the director.
43

44 3. Section 5 of P.L.2018, c.50 (C.54:40B-3.2) is amended to
45 read as follows:

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 5. a. There is imposed a tax upon the sale, use, or distribution
2 of liquid nicotine within this State by a distributor or wholesaler to
3 a retail dealer or consumer at the rate of ~~【\$0.10】~~ \$0.30 per fluid
4 milliliter on the volume of the liquid nicotine as listed by the
5 manufacturer, and a proportionate rate on all fractional parts of a
6 fluid milliliter of volume of liquid nicotine as listed by the
7 manufacturer.

8 b. Unless liquid nicotine has already been or will be subject to
9 the tax imposed in subsection a. of this section, if a distributor or
10 wholesaler uses the liquid nicotine within the State, there is
11 imposed upon the distributor or wholesaler a compensating use tax
12 of ~~【\$0.10】~~ \$0.30 per fluid milliliter of the volume of liquid nicotine
13 as listed by the manufacturer, and a proportionate rate on all
14 fractional parts of a fluid milliliter of the volume of liquid nicotine
15 as listed by the manufacturer.

16 c. Unless a tax is due pursuant to subsection b. of this section,
17 if a distributor or wholesaler has not paid the tax imposed in
18 subsection a. of this section upon a sale that is subject to the tax
19 imposed in that subsection a., there is imposed upon the retail
20 dealer or consumer chargeable for the sale a compensating use tax
21 of ~~【\$0.10】~~ \$0.30 per fluid milliliter on the volume of the liquid
22 nicotine as listed by the manufacturer, and a proportionate rate on
23 all fractional parts of a fluid milliliter of the volume of liquid
24 nicotine as listed by the manufacturer, which shall be collected in
25 the manner provided in subsection b. of section 5 of P.L.1990, c.39
26 (C.54:40B-5).

27 d. The tax imposed pursuant to this section shall not apply to
28 the sale, use, or distribution of container e-liquid.
29 (cf: P.L.2019, c.147, s.3)

30

31 4. Section 5 of P.L.2019, c.147 (C.54:40B-3.4) is amended to
32 read as follows:

33 5. a. There is imposed a tax at the rate of ~~【10】~~ 30 percent of
34 the listed retail sale price of container e-liquid sold within the State.

35 b. The tax imposed pursuant to this section shall be collected
36 by the seller.

37 c. The seller shall be personally liable for the tax required to be
38 collected pursuant to this section.

39 d. The director shall prescribe the manner and method that the
40 tax shall be payable. The director may require such information and
41 records necessary for administration of the tax, including for the
42 purpose of consistent administration with other provisions of the
43 "Tobacco and Vapor Products Tax Act," P.L.1990, c.39 (C.54:40B-
44 1 et seq.).

45 (cf: P.L.2019, c.147, s.5)

1 5. (New section) Each distributor and wholesaler shall, on or
2 before the first day of the second month after the effective date of
3 P.L. , c. (pending before the Legislature as this bill), file a
4 return, under oath or certified under the penalties of perjury, with
5 the director on forms furnished by the director, showing the amount
6 of liquid nicotine in that distributor's or wholesaler's possession in
7 the State at 12:01 a.m. on the effective date of P.L. , c. (pending
8 before the Legislature as this bill), and shall, at the time of filing
9 that return, pay an amount of tax equal to the additional tax on the
10 amount of liquid nicotine in that distributor's or wholesaler's
11 possession to the director. Failure to obtain such forms shall not be
12 an excuse for the failure to make a return containing the
13 information required by the director.
14

15 6. (New section) Each retail dealer shall, on or before the first
16 day of the second month after the effective date of P.L. , c.
17 (pending before the Legislature as this bill), file a return, under oath
18 or certified under the penalties of perjury, with the director on
19 forms furnished by the director, showing the amount of liquid
20 nicotine in that retail dealer's possession in the State at 12:01 a.m.
21 on the effective date of P.L. , c. (pending before the Legislature
22 as this bill), and shall file a return with the director in such form as
23 the director may prescribe and shall, at the time of filing that return,
24 pay an amount of tax equal to the additional tax on the amount of
25 liquid nicotine in that retail dealer's possession to the director.
26 Failure to obtain such forms shall not be an excuse for the failure to
27 make a return containing the information required by the director.
28

29 7. Section 4 of P.L.1997, c.264 (C.26:2H-18.58g) is amended
30 to read as follows:

31 4. Notwithstanding the provisions of any other law to the
32 contrary,

33 a. commencing July 1, 1998 and ending June 30, 2006: after
34 the deposit required pursuant to section 5 of P.L.1982, c.40
35 (C.54:40A-37.1), the first \$150,000,000 of revenue collected
36 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
37 et seq.) and the first \$5,000,000 of revenue collected annually from
38 the "Tobacco Products Wholesale Sales and Use Tax Act,"
39 P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the
40 Health Care Subsidy Fund established pursuant to section 8 of
41 P.L.1992, c.160 (C.26:2H-18.58); and the next \$390,000,000 of
42 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
43 c.65 (C.54:40A-1 et seq.) shall be appropriated annually for health
44 programs, and the next \$50,000,000 of revenue collected annually
45 from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.)
46 shall be appropriated annually to the New Jersey Economic
47 Development Authority for payment of debt service incurred by the
48 authority for school facilities projects and in fiscal years

1 commencing July 1, 2002 and July 1, 2003, the next \$30,000,000 of
2 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
3 c.65 (C.54:40A-1 et seq.) shall be directed to the Department of
4 Health to fund anti-smoking initiatives, except that the amount shall
5 be \$40,000,000 in the fiscal year commencing July 1, 2004 and
6 \$45,000,000 in the fiscal year commencing July 1, 2005; **[and]**

7 b. commencing with fiscal years beginning on and after July 1,
8 2006, after the deposit required pursuant to section 5 of P.L.1982,
9 c.40 (C.54:40A-37.1), the first \$150,000,000 of revenue collected
10 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
11 et seq.) and the first \$5,000,000 of revenue collected annually from
12 the "Tobacco Products Wholesale Sales and Use Tax Act,"
13 P.L.1990, c.39 (C.54:40B-1 et seq.), shall be deposited into the
14 Health Care Subsidy Fund established pursuant to section 8 of
15 P.L.1992, c.160 (C.26:2H-18.58). In addition, commencing with
16 fiscal years beginning on and after July 1, 2006 but before July 1,
17 2009, there shall be deposited \$215,000,000 of revenue collected
18 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
19 et seq.) in accordance with the provisions of section 5 of P.L.2004,
20 c.68 (C.34:1B-21.20), and, commencing with fiscal years beginning
21 on and after July 1, 2009, there shall be deposited \$241,500,000 of
22 revenue collected annually from the "Cigarette Tax Act," P.L.1948,
23 c.65 (C.54:40A-1 et seq.) in accordance with the provisions of
24 section 5 of P.L.2004, c.68 (C.34:1B-21.20). In addition,
25 commencing with fiscal years beginning on and after July 1, 2018,
26 an amount equal to one percent of the total revenues collected
27 annually from the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1
28 et seq.) and the "Tobacco Products Wholesale Sales and Use Tax
29 Act," P.L.1990, c.39 (C.54:40B-1 et seq.) shall be directed to the
30 Department of Health to fund and implement evidence-based
31 tobacco control programs that align with the federal Centers for
32 Disease Control and Prevention Best Practices for Comprehensive
33 Tobacco Control Programs and that include the goals of preventing
34 youth initiation of tobacco usage, reducing exposure to secondhand
35 smoke, and promotion of cessation. Funding priority shall be given
36 to programs that aim to reduce the incidence of smoking among the
37 State's Medicaid population and youth**[.] ; and**

38 c. commencing with fiscal years beginning on or after July 1,
39 2025, \$2,000,000 of revenue collected annually from the tax on
40 liquid nicotine pursuant to section 5 of P.L.2018, c.50 (C.54:40B-
41 3.2) and the tax on container e-liquid pursuant to section 5 of
42 P.L.2019, c.147 (C.54:40B-3.4) shall be deposited into the Health
43 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
44 c.160 (C.26:2H-18.58).

45 (cf: P.L.2017, c.241, s.1)

46

47 8. This act shall take effect on August 1, 2025.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 4659 and 4661**

STATE OF NEW JERSEY

DATED: JUNE 26, 2025

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 4659 and 4661.

As reported, this committee substitute increases the rate of tax imposed on cigarettes, liquid nicotine, and container e-liquid, as recommended as part of the Governor's Fiscal Year 2026 Budget, and dedicates a portion of the revenues collected from the tax on liquid nicotine and container e-liquid to the State's Health Care Subsidy Fund.

Under current law, the State imposes a tax on cigarettes at a rate of \$0.135 per cigarette, or \$2.70 per pack of 20 cigarettes, which tax rate has been in effect since 2009. This bill would increase this tax rate to \$0.15 per cigarette, or \$3.00 per pack of 20 cigarettes.

Also under current law, liquid nicotine is taxed at a rate of \$0.10 per fluid milliliter on the volume of liquid as listed by the manufacturer. Container e-liquid is taxed at the rate of 10 percent of the listed retail sale price for the product sold within the State. This bill would increase the tax rate from \$0.10 to \$0.30 per fluid milliliter for liquid nicotine, and increase the tax rate on container e-liquid from 10 percent to 30 percent of the listed retail sale price.

The bill's provisions increasing the tax rates for cigarettes, liquid nicotine, and container e-liquid would all take effect on August 1, 2025.

The bill would also require inventory reports and the payment of higher rates of tax on the inventories of these products by distributors, wholesalers, and retail suppliers in the State for the time at which the tax rate increases go into effect.

Lastly, the bill would dedicate \$2 million of revenue collected from the taxes imposed on liquid nicotine and container e-liquid to the State's Health Care Subsidy Fund. Under current law, the fund, administered by the Department of Health, annually receives dedicated revenues from a portion of the revenues collected annually from the cigarette tax, as well as the tobacco products wholesale sales and use tax. This bill would add a portion of the

revenues collected from the taxes on liquid nicotine and container e-liquid as a dedicated revenue source for the fund.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

Bills Gov Acted On

Posted on - 06/30/2025

The Governor has acted on the following bills:

BILL SIGNINGS:

S-4620/A-5879 (McKnight, Mukherji/McCann Stamato) - Amends Fiscal Year 2025 annual appropriations act to assign distribution of Old Courthouse asbestos remediation funding from Hudson County to Jersey City

S-2788wGR/A-4569 (Cruz-Perez, Turner/Freiman, Katz, Simmons) - Appropriates \$128.241 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for farmland preservation purposes

A-5100/S-3991 (Rodriguez/Stack) - Re-appropriates unexpended balance of FY 2024 appropriation for Town of West New York to support recreation center; appropriates \$3 million for Town of West New York – Recreation Center to restore lapsed FY 2024 funding

A-5807/S-4655 (Pintor Marin/Sarlo) - Makes FY2025 supplemental appropriations of \$142,615,000; adds various language provisions to FY2025 Appropriations Act

A-5803/SCS for S-3064 (Bagolie/McKeon, Turner) - Modifies tax on certain forms of online gaming and wagering

ACS for A-4455/SCS for S-4503 (Freiman, Schaer, Karabinchak /Sarlo, Mukherji) - Allows exemption from New Jersey gross income of certain capital gains from sale or exchange of qualified small business stock

A-5805/SCS for S-4659 and 4661 (Venezia/Sarlo, Vitale) - Modifies tax rate on certain nicotine products

A-5804/S-4666 (Reynolds-Jackson/Wimberly) - Modifies payer of additional fees and taxes imposed on certain real property transfers; modifies fees and taxes imposed on property transfers valued over \$2 million

A-5809/S-4656 (Murphy/Vitale) - "Healthcare Finance Enhancement Act"

S-3189/A-2365 (Zwicker, Sarlo/Tully, Murphy, DePhillips) - Makes various changes to “New Jersey Angel Investor Tax Credit Act” and Technology Business Tax Certificate Transfer Program; repeals “New Jersey Ignite Act”

S-4654/A-5878 (Scutari, A.M. Bucco/Schnall, Inganamort) - Provides for publication of required legal notices on government Internet websites and through certain online news publications

A-5801/S-4692 (Freiman/Sarlo) - Appropriates \$247,128,000 from “New Jersey Debt Defeasance and Prevention Fund”; establishes process for authorizing future appropriations for debt defeasance and capital projects

(BUDGET BILL – w/Rev Cert. LIV, Summary)

BILL VETOED:

[S-2026/A-5800](#) (Sarlo/Pintor Marin, Park) – w/LINE ITEM Appropriates \$58,782,119,000 in State funds and \$31,007,261,743 in federal funds for the State budget for fiscal year 2026

BILL SIGNINGS:

A-5810/S-4660 (Pintor Marin, Dolon, Bagolie/McKeon, McKnight) - Promotes equity in health insurance appeal process

S-4632/A-5812 (Scutari, Ruiz/Schaer) - Establishes grant program in DOE for public schools to purchase and install point-of-use filtered bottle-filling stations and filtered faucets

S-3618/A-4926 (Smith, Greenstein/Calabrese, Tully, Haider) - Directs DEP and DOT to establish “Wildlife Corridor Action Plan”

S-3933/A-5075 (Ruiz, McKnight/Swain, Morales, Bagolie) - Establishes School Supervisor Mentorship Pilot Program; appropriates \$500,000

A-5077/S-4375 (Morales, Bagolie, Carter/Ruiz, Zwicker) - Extends statutory pause on collection of student growth objective data

A-5795/S-4619 (Pintor Marin, Freiman, Drulis/Zwicker) - Modifies certain provisions of "New Jersey Innovation Evergreen Act"

S-4618/A-5827 (Mukherji, Gopal/Pintor Marin, Peterpaul, Donlon) - Modifies certain requirements and award availability under film and digital media content production tax credit program

S-4122/A-5257 (Burzichelli/Stanley, Egan) - Revises apportionment of State lottery contributions

Governor Murphy Signs Fiscal Year 2026 Budget into Law

Posted on - 06/30/2025

Budget Builds on Governor Murphy's Historic Record of Fiscal Responsibility – With a \$6.7 Billion Surplus to Help Weather Future Financial Challenges Compared to Just \$409 Million Surplus Inherited in 2018

Budget Provides An All-Time High Level of Property Tax Relief, the Highest Level of School Funding in History, and a Fifth Consecutive Full Pension Payment

Budget Makes Historic Investments in Women's Health Care and Provides Funding to Fully Modernize NJ TRANSIT's Fleet

TRENTON – Governor Phil Murphy today signed into law the Fiscal Year 2026 Appropriations Act, marking a culmination of the Murphy Administration's longstanding commitment to fiscal responsibility, affordability, and opportunity. Over nine budgets spanning nearly eight years in office, Governor Murphy has presided over sustained economic growth while making long overdue investments in addressing the needs of working New Jerseyans, from property tax relief, to school funding, to restoring funding for the State's pension systems.

The \$58.78 billion Fiscal Year 2026 (FY2026) budget, which was passed by the Legislature earlier today, redirects over 75 percent of the total budget back into our communities in the form of grants-in-aid for property tax relief, social services, higher education, as well as State aid to schools, municipalities, and counties. The budget includes an all-time high level of direct property tax relief for homeowners and renters, yields the highest level of school funding in history, and delivers a fifth consecutive full pension payment. It also prioritizes quality health services for women and families, and it invests in beginning to fully modernize NJ TRANSIT's fleet.

Upon taking office, Governor Murphy inherited a \$409 million surplus from his predecessor. Eight years later, the Governor will leave his successor with a surplus 16 times greater than that amount—\$6.7 billion.

"This budget exemplifies our dedication to fiscal responsibility, affordability, and opportunity for all New Jerseyans," **said Governor Murphy**. "Over nearly eight years in office, we have maintained a steadfast commitment to building a stronger and fairer New Jersey and righting our fiscal ship. I'm proud that this budget caps off an eight-year journey to turn our state around and delivers greater economic security and opportunity to every family. With the help of our legislative partners, we are moving New Jersey toward a brighter future for every child, student, worker, parent, and senior citizen who calls our great state home."

"The budget upholds our administration's promise to make sure that New Jersey remains the best state in the nation to live, work, raise a family, and retire," **said Lieutenant Governor Tahesha Way**. "Over the past seven and a half years, we have made historic strides in making our state more affordable for hardworking residents and families through expanded tax relief and major investments in affordable housing, social services, and

education. This state budget is a direct result of the strong collaboration between Governor Murphy, Treasurer Muoio, and legislative leadership.”

“This budget is the culmination of a nearly eight-year effort to improve conditions for all New Jerseyans, building a fiscally stronger state that is more affordable for all,” **said State Treasurer Elizabeth Maher Muoio**. “As always, this budget could not have been completed without the hard work of my staff at the Department of the Treasury and particularly the folks at the Office of Management and Budget and the Office of Revenue and Economic Analysis. I want to thank all of them for their tireless work, dedication, and exemplary professionalism over the past seven and a half years.”

“This is a fiscally responsible budget that puts New Jersey families first. At a time when working people are being left behind by misguided decisions in Washington, we’re making smart, strategic investments that deliver meaningful support, especially through historic property tax reductions, strong funding for public education, higher education, healthcare, transit, and a full pension payment,” **said Senate President Nick Scutari, Senate Majority Leader M. Teresa Ruiz and Senator Paul Sarlo, Chair of the Senate Budget Committee**. “We’re grateful to Governor Murphy and our colleagues in the Legislature for coming together to enact a disciplined, forward-looking budget that safeguards essential services, expands opportunity, and reinforces New Jersey’s long-term fiscal strength.”

Fiscal Responsibility

The budget once again provides a full payment to the pension systems. This year’s \$7.2 billion payment marks the fifth year in a row Governor Murphy has fully funded the systems. Total pension contributions by the Murphy Administration are on track to exceed \$47 billion – nearly four times the \$12.2 billion in total contributions of the previous six governors combined.

With an eye toward ensuring New Jersey remains prepared for the future, this budget provides a surplus of \$6.7 billion, more than ten times larger than the average surplus under the previous administration.

Additionally, the budget includes \$788 million in funding from the Corporate Transit Fee dedicated to support NJ TRANSIT and builds upon \$1.358 billion in interest saved by taxpayers over the last four years by paying down debt and minimizing new debt taken on.

The budget also includes several tax policy changes, including increases for the highest tier of realty transfer fees, sports betting, and cigarettes and vaping, as well as a new exemption for small business investment and reforms to the Angel Investor Tax Credit.

These changes, along with the cuts in appropriations, help ensure that revenues are more closely in line with expenditures.

Affordability and Economic Security

Continuing efforts to make New Jersey affordable for all, this budget includes nearly \$4.3 billion in direct property tax relief for New Jersey homeowners and renters, including \$2.4 billion for the continuation of the popular ANCHOR program, which last year delivered more than \$2.2 billion in property tax relief to nearly two million residents. The budget also continues the Senior Freeze program, with a \$239 million allocation to benefit more than 235,000 taxpayers.

The budget also includes additional funding for the landmark Stay NJ program, allocating \$600 million in

resources to significantly reduce property taxes for more than 432,000 senior homeowners. Stay NJ is expected to launch for the 2025 tax season and will reimburse eligible seniors for up to 50 percent of their property tax bills.

Continuing the focus on making the state more affordable for working and middle-class families, the budget maintains recent expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, and the Child Tax Credit.

The tax relief included in this budget brings the total relief provided by the Murphy Administration and our partners in the Legislature to more than double any prior administration.

Continuing efforts to provide quality health services for all, a top priority of this administration, the budget includes \$165 million for the continuation of Cover All Kids; \$55.4 million for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold programs, helping more than 149,000 seniors and residents with disabilities; \$52 million for family planning services and reproductive health programs; and \$35.8 million for Family Connects NJ, which has provided nearly 2,500 free in-home nurse visits to families with newborns and is now available in 11 counties; and \$52 million for family planning services and reproductive health programs.

The proposal also includes \$10 million for a new initiative to provide State employees with full pay while they take family leave to care for a newborn, adopted, or fostered child.

Supporting the Next Generation of New Jerseyans

Last year, Governor Murphy became the first Governor to fully fund the K-12 school funding formula. This budget builds on that commitment, providing record-high school funding in FY2026. The budget includes a record \$12.1 billion for K-12 schools, a nearly \$4 billion increase since FY2018. This budget also addresses feedback from school districts by capping losses in major school aid categories and reducing input volatility, ensuring no district sees a steep reduction in aid from one year to the next. A district's K-12 State aid will not decrease by an amount greater than 3% of the prior year's State aid in the four primary categories: equalization, special education, security, and transportation.

The budget also proposes \$7.5 million in new grant funding to support districts in providing high-impact tutoring to students in need of extra academic support, as well as \$3 million in incentive grants for schools that want to go entirely phone-free, giving students the best opportunity to learn without distraction.

Continuing the push for universal pre-school throughout New Jersey, the FY2026 budget proposes \$1.27 billion for Preschool Education Aid. Since 2018, the Murphy Administration has expanded pre-K to 229 school districts and created nearly 20,000 new seats.

Building New Jersey's Future

In an effort to fortify our transportation infrastructure, this budget includes \$1.23 billion for critical investments in State and local highway and bridge projects, and another \$767 million for NJ TRANSIT to begin to fully modernize its fleet.

To ensure stability and future success for New Jersey's institutions of higher education, this budget provides \$755.2 million in institutional support for State colleges and universities, as well as \$169.1 million for county colleges and \$8.6 million for independent institutions of higher education in New Jersey. This totals \$932.9 million, a nearly 50% increase over the \$629.6 million in funding provided in FY2018.

The budget agreement also provides for \$250 million in bonding for capital grants to higher education institutions. This builds on the \$400 million in capital grants announced in 2023.

The budget also sets aside \$222 million from the Debt Defeasance and Prevention Fund for a critical investment in the construction of a new correctional facility to replace the Edna Mahan Correctional Facility for Women.

An additional one-page policy summary on the central commitments of the FY2026 budget can be found online [here](#).

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[Line Item Veto Message](#)

[Line Item Veto Summary](#)

[Revenue Certification](#)

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