

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 4456

By: Newton

AS INTRODUCED

An Act relating to revenue and taxation; creating the Vapor Products Tax Code; defining terms; establishing excise tax on wholesale costs on e-liquid; providing for payment of excise tax; establishing how excise tax is to be remitted and paid; declaring person collecting and remitting excise tax to be an agent of the state; providing for an assumption that all e-liquid delivered to a retailer in this state shall be used and consumed in this state; requiring the sale of e-liquids to continue to be subject to sales tax; declaring excise tax to be a direct tax upon the ultimate retail consumer; requiring copies of invoices to be retained for a certain period; allowing the Oklahoma Tax Commission to inspect such invoices; providing for allocation of revenue derived from excise tax; creating revolving fund; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1550 of Title 68, unless there is created a duplication in numbering, reads as follows:

1 This act shall be known and may be cited as the "Vapor Products
2 Tax Code".

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 1551 of Title 68, unless there
5 is created a duplication in numbering, reads as follows:

6 A. As used in this act:

7 1. "Commission" means the Oklahoma Tax Commission; and

8 2. "E-liquid" means a liquid that may contain nicotine,
9 flavorings, or other ingredients that are intended for use in a
10 vapor product.

11 SECTION 3. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 1552 of Title 68, unless there
13 is created a duplication in numbering, reads as follows:

14 A. For the purpose of providing revenue for the support of the
15 functions of state government, there is hereby levied an excise tax
16 of thirty percent (30%) of the wholesale cost on all e-liquid
17 imported or manufactured, for sale, use or distribution, or used or
18 possessed in this state.

19 B. The excise tax levied under subsection A of this section
20 shall be paid as follows:

21 1. Payment of such tax shall be made by the manufacturer,
22 distributor, or retailer who first receives the product in the
23 state; and
24

1 2. Due and payable excise taxes levied by this section shall be
2 remitted electronically simultaneously with a tax return
3 electronically filed with the Oklahoma Tax Commission using
4 procedures prescribed by the Commission. The tax returns shall be
5 made under oath by the person liable for the tax on forms prescribed
6 and provided by the Commission and shall be accompanied by payment
7 of the taxes due and any additional sums due as provided by this
8 section. Tax returns and payment of excise tax and other sums due
9 shall be electronically filed with the Commission no later than the
10 fifteenth day of the month immediately succeeding the month of
11 shipment, importation, or first sale of the e-liquids as provided in
12 paragraph 1 of this section.

13 C. For the purpose of collecting and remitting the excise tax
14 imposed under this section, the person liable for such tax is hereby
15 declared to be an agent of the state for such purposes.

16 D. The Commission shall consider it a presumption that all e-
17 liquids delivered to a retailer in this state shall be used and
18 consumed within this state.

19 E. The retail sale of e-liquids shall continue to be subject to
20 the tax levied by Section 1355 of Title 68 of the Oklahoma Statutes.

21 SECTION 4. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 1553 of Title 68, unless there
23 is created a duplication in numbering, reads as follows:
24

1 The excise tax levied by this act is hereby declared and
2 intended to be a direct tax upon the ultimate retail consumer of e-
3 liquids in this state, and when such tax is paid by, or collected
4 from, any other person, as herein provided for, such payment shall
5 be considered as an advance payment for convenience and facility
6 only, and such tax shall thereafter be added to the price of such e-
7 liquid and recovered from the ultimate retail consumer thereof.

8 SECTION 5. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 1554 of Title 68, unless there
10 is created a duplication in numbering, reads as follows:

11 Copies of all invoices for the purchase or sale of any e-liquids
12 shall be retained by each manufacturer, distributor, and retailer
13 for a period of not less than three (3) years from the date of such
14 transaction. Upon the request of the Oklahoma Tax Commission, such
15 documents, in physical or electronic form, shall be made available
16 to the Commission for inspection by the Commission and its
17 authorized agents, provided such requests occur during the normal
18 business hours of the manufacturer, distributor, or retailer.

19 SECTION 6. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 1555 of Title 68, unless there
21 is created a duplication in numbering, reads as follows:

22 All revenue accruing from the excise tax levied by Section 3 of
23 this act shall be collected by the Commission and distributed as
24 follows:

1 1. For fiscal years ending on or prior to June 30, 2028:

2 a. fifty percent (50%) to the Vapor Products Regulation
3 Revolving Fund created pursuant to Section 7 of this
4 act, and

5 b. fifty percent (50%) to the General Revenue Fund;

6 2. For fiscal years beginning on or after July 1, 2028:

7 a. seventy-five percent (75%) to the General Revenue
8 Fund, and

9 b. twenty-five percent (25%) to the Vapor Products
10 Regulation Revolving Fund created pursuant to Section
11 7 of this act.

12 SECTION 7. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 1556 of Title 68, unless there
14 is created a duplication in numbering, reads as follows:

15 There is hereby created in the State Treasury a revolving fund
16 for the Alcoholic Beverage Laws Enforcement Commission to be
17 designated the "Vapor Products Regulation Revolving Fund". The fund
18 shall be a continuing fund, not subject to fiscal year limitations,
19 and shall consist of all monies designated for deposit in the fund
20 by law. All monies accruing to the credit of said fund are hereby
21 appropriated and may be budgeted and expended by the Alcoholic
22 Beverage Laws Enforcement Commission for the purpose of regulating
23 vapor products as required by law. Expenditures from said fund
24 shall be made upon warrants issued by the State Treasurer against

1 claims filed as prescribed by law with the Director of the Office of
2 Management and Enterprise Services for approval and payment.

3 SECTION 8. This act shall become effective January 1, 2027.
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