

**SPECIFIC REASONS UNDERLYING THE FINDING OF NECESSITY:**

Chapter 134 of the Laws of 2010 was enacted on June 21, 2010. Part D of Chapter 134, which increases the rate of excise tax on cigarettes, takes effect July 1, 2010, and applies to all cigarettes possessed in the state by any person for sale and all cigarettes used in the state by any person on or after July 1, 2010. Part D of Chapter 134 of the Laws of 2010 also imposes a tax on the inventory of cigarettes possessed for sale in New York State and any unaffixed stamps as of the close of business June 30, 2010, based on the increased rate of tax. This rule relates to the implementation of these statutory provisions. This rule also sets the commissions allowable to cigarette agents for affixing cigarette stamps relating to the new rate of tax. Without the amendments, the regulation would not provide a rate of commission for affixing cigarette stamps at the new tax rate. In addition, the rule provides procedures relating to the inventory of cigarettes possessed for sale in New York State and any unaffixed stamps required to be taken by all agents, wholesale dealers and retail dealers as of the close of business on June 30, 2010, and the tax due attributable to the increase. Due to the effective date, it is not possible to timely promulgate the necessary regulations other than by emergency measure.