

2026 -- H 8188

LC004756

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TAXATION -- CIGARETTE, OTHER TOBACCO PRODUCTS, AND
ELECTRONIC NICOTINE-DELIVERY SYSTEM PRODUCTS

Introduced By: Representatives Baginski, Slater, Finkelman, and Read

Date Introduced: February 27, 2026

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-20-1 of the General Laws in Chapter 44-20 entitled "Cigarette,
2 Other Tobacco Products, and Electronic Nicotine-Delivery System Products" is hereby amended
3 to read as follows:

4 **44-20-1. Definitions.**

5 Whenever used in this chapter, unless the context requires otherwise:

6 (1) "Administrator" means the tax administrator.

7 (2) "Alternative nicotine product" means any noncombustible product that does not contain
8 tobacco leaf but does contain nicotine from any source and is intended for human consumption,
9 whether chewed, absorbed, dissolved, ingested, inhaled, or consumed by any other means.
10 "Alternative nicotine products" does not include any cigarettes, electronic nicotine-delivery system
11 products, snuff, or any product regulated as a drug or device by the United States Food and Drug
12 Administration under Chapter V of the Food, Drug and Cosmetic Act, 21 U.S.C. ch. 9 § 301 et seq.

13 ~~(2)~~(3) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette
14 form, "heat not burn products," and each sheet of cigarette rolling paper, including but not limited
15 to, paper made into a hollow cylinder or cone, made with paper or any other material, with or
16 without a filter suitable for use in making cigarettes.

17 ~~(3)~~(4) "Dealer" means any person whether located within or outside of this state, who sells
18 or distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system

1 products to a consumer in this state.

2 ~~(4)~~(5) “Distributor” means any person:

3 (i) Whether located within or outside of this state, other than a dealer, who sells or
4 distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
5 products within or into this state. Such term shall not include any cigarette or other tobacco product
6 manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. § 5712,
7 if such person sells or distributes cigarettes and/or other tobacco products and/or electronic
8 nicotine-delivery system products in this state only to licensed distributors, or to an export
9 warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

10 (ii) Selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery
11 system products directly to purchasers in this state by means of at least twenty-five (25) vending
12 machines;

13 (iii) Engaged in this state in the business of manufacturing cigarettes and/or other tobacco
14 products and/or electronic nicotine-delivery system products or any person engaged in the business
15 of selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
16 products to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five
17 percent (75%) of all cigarettes and/or other tobacco products and/or electronic nicotine-delivery
18 system products sold by that person in this state are sold to dealers or other persons for resale and
19 selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products
20 directly to at least forty (40) dealers or other persons for resale; or

21 (iv) Maintaining one or more regular places of business in this state for that purpose;
22 provided, that seventy-five percent (75%) of the sold cigarettes and/or other tobacco products
23 and/or electronic nicotine-delivery system products are purchased directly from the manufacturer
24 and selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
25 products directly to at least forty (40) dealers or other persons for resale.

26 ~~(5)~~(6) “Electronic nicotine-delivery system” means an electronic device that may be used
27 to simulate smoking in the delivery of nicotine or other substance to a person inhaling from the
28 device, and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic
29 cigarillo, electronic little cigars, electronic pipe, electronic hookah, e-liquids, e-liquid products, or
30 any related device and any cartridge or other component of such device.

31 ~~(6)~~(7) “Electronic nicotine-delivery system products” means any combination of electronic
32 nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid
33 container. Electronic nicotine-delivery system products shall include hemp-derived consumable
34 CBD products as defined in § 2-26-3.

1 ~~(7)~~(8) “E-liquid” and “e-liquid products” mean any liquid or substance placed in or sold
2 for use in an electronic nicotine-delivery system that generally utilizes a heating element that
3 aerosolizes, vaporizes, or combusts a liquid or other substance containing nicotine or nicotine
4 derivative:

5 (i) Whether the liquid or substance contains nicotine or a nicotine derivative; or

6 (ii) Whether sold separately or sold in combination with a personal vaporizer, electronic
7 nicotine-delivery system, or an electronic inhaler.

8 ~~(8)~~(9) “Importer” means any person who imports into the United States, either directly or
9 indirectly, a finished cigarette or other tobacco product and/or electronic nicotine-delivery system
10 product for sale or distribution.

11 ~~(9)~~(10) “Licensed,” when used with reference to a manufacturer, importer, distributor, or
12 dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
13 the type of business being engaged in. When the term “licensed” is used before a list of entities,
14 such as “licensed manufacturer, importer, wholesale dealer, or retailer dealer,” such term shall be
15 deemed to apply to each entity in such list.

16 ~~(10)~~(11) “Manufacturer” means any person who manufactures, fabricates, assembles,
17 processes, or labels a finished cigarette and/or other tobacco products and/or electronic nicotine-
18 delivery system products.

19 ~~(11)~~(12) “Other tobacco products” (OTP) means any products that are made from or
20 derived from tobacco or that contain nicotine, whether natural or artificial, including, but not
21 limited to, cigars (excluding Little Cigars, as defined in § 44-20.2-1, which are subject to cigarette
22 tax), cheroots, stogies, smoking tobacco (including granulated, plug cut, crimp cut, ready rubbed
23 and any other kinds and forms of tobacco suitable for smoking in a pipe or otherwise), chewing
24 tobacco (including Cavendish, twist, plug, scrap and any other kinds and forms of tobacco suitable
25 for chewing), any and all forms of hookah, shisha and “mu’assel” tobacco, snuff, [alternative](#)
26 [nicotine products](#) and shall include any other articles or products made of, derived from, or
27 containing tobacco or nicotine, in whole or in part, or any tobacco or nicotine substitute, except
28 cigarettes and electronic nicotine-delivery system products. Other tobacco products shall not mean
29 any product that has been approved by the United States Food and Drug Administration for the sale
30 of or use as a tobacco or nicotine cessation product or for other medical purposes and is marketed
31 and sold or prescribed exclusively for that approved purpose.

32 ~~(12)~~(13) “Person” means any individual, including an employee or agent, firm, fiduciary,
33 partnership, corporation, trust, or association, however formed.

34 ~~(13)~~(14) “Pipe” means an apparatus made of any material used to burn or vaporize products

1 so that the smoke or vapors can be inhaled or ingested by the user.

2 ~~(14)~~(15) "Place of business" means any location where cigarettes and/or other tobacco
3 products and/or electronic nicotine-delivery system products are sold, stored, or kept, including,
4 but not limited to; any storage room, attic, basement, garage or other facility immediately adjacent
5 to the location. It also includes any receptacle, hide, vessel, vehicle, airplane, train, or vending
6 machine.

7 ~~(15)~~(16) "Sale" or "sell" means gifts, exchanges, and barter of cigarettes and/or other
8 tobacco products and/or electronic nicotine-delivery system products. The act of holding, storing,
9 or keeping cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
10 products at a place of business for any purpose shall be presumed to be holding the cigarettes and/or
11 other tobacco products and/or electronic nicotine-delivery system products for sale. Furthermore,
12 any sale of cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
13 products by the servants, employees, or agents of the licensed dealer during business hours at the
14 place of business shall be presumed to be a sale by the licensee.

15 ~~(16)~~(17) "Stamp" means the impression, device, stamp, label, or print manufactured,
16 printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as
17 evidence of the payment of the tax provided by this chapter or to indicate that the cigarettes are
18 intended for a sale or distribution in this state that is exempt from state tax under the provisions of
19 state law; and also includes impressions made by metering machines authorized to be used under
20 the provisions of this chapter.

21 SECTION 2. Section 44-20-13.2 of the General Laws in Chapter 44-20 entitled "Cigarette,
22 Other Tobacco Products, and Electronic Nicotine-Delivery System Products" is hereby amended
23 to read as follows:

24 ~~44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, pipe~~
25 ~~tobacco products, and electronic nicotine-delivery products~~ **Tax imposed on other tobacco**
26 **products and electronic nicotine-delivery products.**

27 (a) A tax is imposed on all other tobacco products, ~~smokeless tobacco, cigars, pipe tobacco~~
28 ~~products,~~ and electronic nicotine-delivery system products sold, or held for sale in the state by any
29 person, the payment of the tax to be accomplished according to a mechanism established by the
30 administrator, division of taxation, department of revenue. The tax imposed by this section shall be
31 as follows:

32 (1) For all other tobacco products, except for alternative nicotine products and snuff
33 ~~smokeless tobacco, cigars, and pipe tobacco products,~~ at the rate of eighty percent (80%) of the
34 wholesale cost of other tobacco products, ~~cigars, pipe tobacco products, and smokeless tobacco~~

1 ~~other than snuff.~~

2 (2) Notwithstanding the eighty percent (80%) rate in subsection (a)(1) of this section, in
3 the case of cigars, the tax shall not exceed fifty cents (\$.50) for each cigar.

4 (3) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like
5 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight
6 as listed by the manufacturer; provided, however, that any product listed by the manufacturer as
7 having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2
8 ounces.

9 (4) Effective January 1, 2025:

10 (i) For electronic nicotine-delivery system products that are prefilled, sealed by the
11 manufacturer, and not refillable, at the rate of fifty cents per milliliter (\$0.50/mL) of the e-liquid
12 and/or e-liquid products contained therein; and

13 (ii) For any other electronic nicotine-delivery system products, at the rate of ten percent
14 (10%) of the wholesale cost of such products, whether or not sold at wholesale, and if not sold,
15 then at the same rate upon the use by the wholesaler.

16 (iii) **Existing Inventory Floor Tax.** For all electronic nicotine-delivery system products
17 held by licensed electronic nicotine-delivery system products retailers as of January 1, 2025: Each
18 person engaging in the business of selling electronic nicotine-delivery system products at retail in
19 this state shall pay a tax measured by the volume of e-liquid and/or e-liquid products contained in
20 electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not
21 refillable and the wholesale cost of all other electronic nicotine-delivery system products held by
22 the person in this state at 12:01 a.m. on January 1, 2025, and is computed for electronic nicotine-
23 delivery system products that are prefilled, sealed by the manufacturer, and not refillable, at the
24 rate of fifty cents per milliliter (\$0.50/mL) of the e-liquid and/or e-liquid products contained therein
25 and for any other electronic nicotine-delivery system products at the rate of ten percent (10%) of
26 the wholesale cost of such products on January 1, 2025. Each person subject to the payment of the
27 tax imposed by this section shall, on or before January 16, 2025, file a return, under oath or certified
28 under the penalties of perjury, with the administrator on forms furnished by the administrator,
29 showing the volume of e-liquid and/or e-liquid products contained in electronic nicotine-delivery
30 system products which are prefilled, sealed by the manufacturer, and not refillable and the
31 wholesale cost of all other electronic nicotine-delivery system products in that person's possession
32 in this state at 12:01 a.m. on January 1, 2025, as described in this section, and the amount of tax
33 due, and shall at the time of filing the return pay the tax to the administrator. Failure to obtain forms
34 shall not be an excuse for the failure to make a return containing the information required by the

1 administrator.

2 (iv) For all electronic nicotine-delivery system products sold by licensed electronic
3 nicotine-delivery system products distributors, manufacturers, and/or importers in Rhode Island as
4 of January 1, 2025: Any person engaging in the business of distributing at wholesale electronic
5 nicotine-delivery system products in this state shall pay a tax measured by the volume of e-liquid
6 and/or e-liquid products contained in electronic nicotine-delivery system products that are prefilled,
7 sealed by the manufacturer, and not refillable computed at the rate of fifty cents per milliliter
8 (\$0.50/mL) of the e-liquid and/or e-liquid products contained therein and for all other electronic
9 nicotine-delivery system products at the rate of ten percent (10%) of the wholesale cost of such
10 products.

11 (5) For alternative nicotine products, at the rate of two dollars (\$2.00) per container
12 containing up to twenty (20) units, and a proportionate tax at the like rate on containers that have
13 more than twenty (20) units.

14 (b)(1) Prior to January 1, 2025, any dealer having in the dealer's possession any other
15 tobacco products with respect to the storage or use of which a tax is imposed by this section shall,
16 within five (5) days after coming into possession of the other tobacco products in this state, file a
17 return with the tax administrator in a form prescribed by the tax administrator. The return shall be
18 accompanied by a payment of the amount of the tax shown on the form to be due. Records required
19 under this section shall be preserved on the premises described in the relevant license in such a
20 manner as to ensure permanency and accessibility for inspection at reasonable hours by authorized
21 personnel of the administrator.

22 (2) Effective January 1, 2025, all other tobacco products, except for cigars, and electronic
23 nicotine-delivery system products sold at wholesale in Rhode Island must be sold by a Rhode Island
24 licensed distributor, manufacturer, or importer, and purchases of other tobacco products, except for
25 cigars, and/or electronic nicotine-delivery system products, from an unlicensed distributor,
26 manufacturer, or importer are prohibited. Any other tobacco products, except for cigars, and/or
27 electronic nicotine-delivery system products purchased and/or obtained from an unlicensed person
28 shall be subject to the terms of this chapter including, but not limited to, § 44-20-15 and shall be
29 taxed pursuant to this section.

30 (3) Effective January 1, 2025, any dealer having in the dealer's possession any cigars with
31 respect to the storage or use of which a tax is imposed by this section shall, within five (5) days
32 after coming into possession of cigars in this state, file a return with the tax administrator in a form
33 prescribed by the tax administrator. The return shall be accompanied by a payment of the amount
34 of the tax shown on the form to be due. Records required under this section shall be preserved on

1 the premises described in the relevant license in such a manner as to ensure permanency and
2 accessibility for inspection at reasonable hours by authorized personnel of the administrator.

3 (c) **Existing Inventory Floor Tax.**

4 (1) For all nicotine products defined in § 44-20-1 as other tobacco products but not
5 previously taxed as other tobacco products held by licensed retailers as of October 1, 2025: Each
6 person engaging in the business of selling nicotine products at retail in this state shall pay a tax at
7 the rate of eighty percent (80%) of the wholesale cost of such products on October 1, 2025. Each
8 person subject to the payment of the tax imposed by this section shall, on or before October 16,
9 2025, file a return, under oath or certified under the penalties of perjury, with the administrator on
10 forms furnished by the administrator, showing the wholesale cost of all nicotine products not
11 previously taxed as other tobacco products in that person's possession in this state at 12:01 a.m. on
12 October 1, 2025, as described in this section, and the amount of tax due, and shall at the time of
13 filing the return pay the tax to the administrator. Failure to obtain forms shall not be an excuse for
14 the failure to make a return containing the information required by the administrator.

15 (2) For all nicotine products defined in § 44-20-1 as other tobacco products but not
16 previously taxed as other tobacco products held by licensed distributors, manufacturers, and/or
17 importers in Rhode Island as of October 1, 2025: Each person engaging in the business of
18 distributing at wholesale nicotine products defined in § 44-20-1 as other tobacco products but not
19 previously taxed as other tobacco products in this state shall pay a tax at the rate of eighty percent
20 (80%) of the wholesale cost of such products on October 1, 2025. Each person subject to the
21 payment of the tax imposed by this section shall, on or before October 16, 2025, file a return, under
22 oath or certified under the penalties of perjury, with the administrator on forms furnished by the
23 administrator, showing the wholesale cost of all nicotine products not previously taxed as other
24 tobacco products in that person's possession in this state at 12:01 a.m. on October 1, 2025, as
25 described in this section, and the amount of tax due, and shall at the time of filing the return pay
26 the tax to the administrator. Failure to obtain forms shall not be an excuse for the failure to make a
27 return containing the information required by the administrator.

28 (d) The proceeds collected are paid into the general fund.

29 SECTION 3. This act shall take effect on July 1, 2026.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TAXATION -- CIGARETTE, OTHER TOBACCO PRODUCTS, AND
ELECTRONIC NICOTINE-DELIVERY SYSTEM PRODUCTS

1 This act would define “alternative nicotine product” to mean any noncombustible product
2 that does not contain tobacco leaf but does contain nicotine from any source and is intended for
3 human consumption, whether chewed, absorbed, dissolved, ingested, inhaled, or consumed by any
4 other means and would also tax an alternative nicotine product at the rate of two dollars (\$2.00) per
5 container containing up to twenty (20) units, and a proportionate tax at the like rate on containers
6 that have more than twenty (20) units.

7 This act would take effect on July 1, 2026.

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