

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

A N A C T

RELATING TO TAXATION - CIGARETTE TAX

Introduced By: Senator Christopher S. Ottiano

Date Introduced: February 13, 2013

Referred To: Senate Finance

(by request)

It is enacted by the General Assembly as follows:

SECTION 1. Section 44-20-4.1 of the General Laws in Chapter 44-20 entitled "Cigarette Tax" is hereby amended to read as follows:

44-20-4.1. License availability. -- (a) No license under this chapter may be granted, maintained or renewed if the applicant, or any combination of persons owning directly or indirectly any interests in the applicant:

(1) Owes five hundred dollars (\$500) or more in delinquent cigarette taxes;

(2) Is delinquent in any tax filings for one month or more;

(3) Had a license under this chapter revoked by the administrator within the past two (2) years;

(4) Has been convicted of a crime relating to cigarettes stolen or counterfeit cigarettes;

(5) Is a cigarette manufacturer or importer that is neither: (i) a participating manufacturer as defined in subsection II (jj) of the "Master Settlement Agreement" as defined in section 23-71-2; nor (ii) in full compliance with chapter 20.2 of this title and section 23-71-3;

(6) Has imported, or caused to be imported, into the United States any cigarette in violation of 19 U.S.C. section 1681a; or

(7) Has imported, or caused to be imported into the United States, or manufactured for sale or distribution in the United States any cigarette that does not fully comply with the Federal Cigarette Labeling and Advertising Act (15 U.S.C. section 1331, et. seq).

(b) (1) No person shall apply for a new license or permit (as defined in section 44-19-1)

1 or renewal of a license or permit, and no license or permit shall be issued or renewed for any
2 person, unless all outstanding fines, fees or other charges relating to any license or permit held by
3 that person have been paid.

4 (2) No license or permit shall be issued relating to a business at any specific location
5 until all prior licenses or permits relating to that location have been officially terminated and all
6 fines, fees or charges relating to the prior licenses have been paid or otherwise resolved or the
7 administrator has found that the person applying for the new license or permit is not acting as an
8 agent for the prior licensee or permit holder who is subject to any such related fines, fees or
9 charges that are still due. Evidence of such agency status includes, but is not limited to, a direct
10 familial relationship and/or an employment, contractual or other formal financial or business
11 relationship with the prior licensee or permit holder.

12 (3) No person shall apply for a new license or permit pertaining to a specific location in
13 order to evade payment of any fines, fees or other charges relating to a prior license or permit for
14 that location.

15 (4) No new license or permit shall be issued for a business at a specific location for
16 which a license or permit already has been issued unless there is a bona fide, good faith change in
17 ownership of the business at that location.

18 (5) No license or permit shall be issued, renewed or maintained for any person, including
19 the owners of the business being licensed or having applied and received a permit, that has been
20 convicted of violating any criminal law relating to tobacco products, the payment of taxes or
21 fraud or has been ordered to pay civil fines of more than twenty-five thousand dollars (\$25,000)
22 dollars for violations of any civil law relating to tobacco products, the payment of taxes or fraud.

23 (6) No license shall be issued, renewed or maintained if the applicant, or any combination
24 of entities controlled by or under common control with the applicant, is a healthcare facility
25 licensed under chapter 17 of title 23 or maintains a healthcare facility license under chapter 17 of
26 title 23 to provide healthcare services.

27 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would prohibit the granting of a license under chapter 44-20, the "Cigarette
- 2 Tax," to an applicant that is a healthcare facility or that maintains a healthcare facility license.
- 3 This act would take effect upon passage.

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