

2015 -- S 0414

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION - CIGARETTE TAX

Introduced By: Senators Pichardo, Goldin, Metts, Goodwin, and Ottiano

Date Introduced: February 25, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-20-1 and 44-20-49 of the General Laws in Chapter 44-20
2 entitled "Cigarette Tax" are hereby amended to read as follows:

3 **44-20-1. Definitions. --** Whenever used in this chapter, unless the context requires
4 otherwise:

5 (1) "Administrator" means the tax administrator;

6 (2) "Cigarettes" means ~~and includes any cigarettes suitable for smoking in cigarette~~
7 ~~form, and each sheet of cigarette rolling paper;~~

8 (i) Any cigarettes suitable for smoking in cigarette form;

9 (ii) Any roll, made wholly or in part of tobacco, irrespective of size or shape and
10 irrespective of whether the tobaccos is flavored, adulterated or mixed with any ingredient, where
11 such roll has a wrapper or cover made of any substance including tobacco or any other material,
12 except where such roll is wrapped entirely in tobacco leaf and does not contain an internal filler
13 or such roll weighs over four and a half pounds (4.5 lbs.) per thousand (1000); and

14 (iii) Any individual sheet of rolling paper;

15 (3) "Dealer" means any person whether located within or outside of this state, who sells
16 or distributes cigarettes to a consumer in this state;

17 (4) "Distributor" means any person:

18 (A) Whether located within or outside of this state, other than a dealer, who sells or
19 distributes cigarettes within or into this state. Such term shall not include any cigarette

1 manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. §
2 5712, if such person sells or distributes cigarettes in this state only to licensed distributors, or to
3 an export warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. §
4 5712;

5 (B) Selling cigarettes directly to consumers in this state by means of at least twenty-five
6 (25) cigarette vending machines;

7 (C) Engaged in this state in the business of manufacturing cigarettes or any person
8 engaged in the business of selling cigarettes to dealers, or to other persons, for the purpose of
9 resale only; provided, that seventy-five percent (75%) of all cigarettes sold by that person in this
10 state are sold to dealers or other persons for resale and selling cigarettes directly to at least forty
11 (40) dealers or other persons for resale; or

12 (D) Maintaining one or more regular places of business in this state for that purpose;
13 provided, that seventy-five percent (75%) of the sold cigarettes are purchased directly from the
14 manufacturer and selling cigarettes directly to at least forty (40) dealers or other persons for
15 resale;

16 (5) "Importer" means any person who imports into the United States, either directly or
17 indirectly, a finished cigarette for sale or distribution;

18 (6) "Licensed", when used with reference to a manufacturer, importer, distributor or
19 dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
20 the type of business being engaged in. When the term "licensed" is used before a list of entities,
21 such as "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be
22 deemed to apply to each entity in such list;

23 (7) "Manufacturer" means any person who manufactures, fabricates, assembles,
24 processes, or labels a finished cigarette;

25 (8) "Person" means any individual, including an employee or agent, firm, fiduciary,
26 partnership, corporation, trust, or association, however formed;

27 (9) "Place of business" means and includes any place where cigarettes are sold or where
28 cigarettes are stored or kept for the purpose of sale or consumption, including any vessel, vehicle,
29 airplane, train, or vending machine;

30 (10) "Sale" or "sell" includes and applies to gifts, exchanges, and barter;

31 (11) "Snuff" means any finely cut, ground, or powdered tobacco that is not intended to be
32 smoked; and

33 ~~(11)~~(12) "Stamp" means the impression, device, stamp, label, or print manufactured,
34 printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as

1 evidence of the payment of the tax provided by this chapter or to indicate that the cigarettes are
2 intended for a sale or distribution in this state that is exempt from state tax under the provisions of
3 state law; and also includes impressions made by metering machines authorized to be used under
4 the provisions of this chapter.

5 **44-20-49. Disposition of revenue -- Payment of refunds.** -- All moneys received by the
6 tax administrator under the provisions of this chapter, except for the funds allocated to the tax
7 administrator pursuant to § 44-20-19, are paid over to the general treasurer, and may be used for
8 tobacco prevention, cessation, treatment, and enforcement of current laws and policies. Whenever
9 the tax administrator determines that any person is entitled to a refund of any moneys paid by that
10 person under the provisions of this chapter, or whenever a court of competent jurisdiction orders a
11 refund of any paid moneys, the general treasurer shall, upon certification by the tax administrator
12 and with the approval of the controller, pay the refunds from any moneys in the treasury not
13 appropriated without any further act or resolution making appropriation for any moneys.

14 SECTION 2. Sections 44-20.2-1 and 44-20.2-2 of the General Laws in Chapter 44-20.2
15 entitled "Little Cigar Tax" are hereby repealed.

16 ~~**44-20.2-1. Definitions.** -- Whenever used in this chapter, unless the context requires~~
17 ~~otherwise:~~

18 ~~(1) "Administrator" means the tax administrator;~~

19 ~~(2) "Dealer" means any person whether located within or outside of this state, who sells~~
20 ~~or distributes little cigars to a consumer in this state;~~

21 ~~(3) "Distributor" means any person:~~

22 ~~(i) Whether located within or outside of this state, other than a dealer, who sells or~~
23 ~~distributes little cigars within or into this state. Such term shall not include any little cigar~~
24 ~~manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. §~~
25 ~~5712, if such person sells or distributes little cigars in this state only to licensed distributors, or to~~
26 ~~an export warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. §~~
27 ~~5712;~~

28 ~~(ii) Selling little cigars directly to consumers in this state by means of at least twenty five~~
29 ~~(25) little cigar vending machines.~~

30 ~~(4) "Importer" means any person who imports into the United States, either directly or~~
31 ~~indirectly, a finished little cigar for sale or distribution;~~

32 ~~(5) "Licensed" when used with reference to a manufacturer, importer, distributor or~~
33 ~~dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for~~
34 ~~the type of business being engaged in. When the term "licensed" is used before a list of entities,~~

1 such as "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be
2 deemed to apply to each entity in such list;

3 ~~(6) "Little cigars" means and includes any roll, made wholly or in part of tobacco,
4 irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or
5 mixed with any other ingredient, where such roll has a wrapper or cover made of tobacco
6 wrapped in leaf tobacco or any substance containing tobacco paper or any other material and
7 where such roll has an integrated filter, except where such wrapper is wholly or in greater part
8 made of tobacco and where such roll has an integrated filter and weighs over four (4) pounds per
9 thousand (1,000);~~

10 ~~(7) "Manufacturer" means any person who manufactures, fabricates, assembles,
11 processes, or labels a finished little cigar;~~

12 ~~(8) "Person" means any individual, firm, fiduciary, partnership, corporation, trust, or
13 association, however formed;~~

14 ~~(9) "Place of business" means and includes any place where little cigars are sold or
15 where little cigars are stored or kept for the purpose of sale or consumption, including any vessel,
16 vehicle, airplane, train, or vending machine;~~

17 ~~(10) "Sale" or "Sell" includes and applies to gifts, exchanges, and barter;~~

18 ~~(11) "Snuff" means any finely cut, ground, or powdered tobacco that is not intended to
19 be smoked;~~

20 ~~(12) "Stamp" means the impression, device, stamp, label, or print manufactured, printed,
21 or made as prescribed by the administrator to be affixed to packages of little cigars, as evidence
22 of the payment of the tax provided by this chapter or to indicate that the little cigars are intended
23 for a sale or distribution in this state that is exempt from state tax under the provisions of state
24 law and also includes impressions made by metering machines authorized to be used under the
25 provisions of this chapter.~~

26 ~~**44-20.2-2. Tax imposed on little cigars sold.** -- The tax imposed on little cigars shall be
27 imposed in accordance with the provisions of §§ 44-20-2 -- 44-20-55.~~

28 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION - CIGARETTE TAX

1 This act would expand the definition of cigarettes for tax purposes to cover any roll of
2 tobacco including “little cigars” and snuff products and would further repeal the provisions of
3 taxation as they related to “little cigars” and “snuff” as defined in chapter 44-20.2.

4 This act would take effect upon passage.

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