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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: Senators Ciccone, DiPalma, and Raptakis

Date Introduced: March 04, 2026

Referred To: Senate Special Legislation and Veterans Affairs

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-20-1, 44-20-4.1 and 44-20-8.2 of the General Laws in Chapter
2 44-20 entitled "Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System
3 Products" are hereby amended 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) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form,
8 "heat not burn products," and each sheet of cigarette rolling paper, including but not limited to,
9 paper made into a hollow cylinder or cone, made with paper or any other material, with or without
10 a filter suitable for use in making cigarettes.

11 (3) "Dealer" means any person whether located within or outside of this state, who sells or
12 distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
13 products to a consumer in this state.

14 (4) "Distributor" means any person:

15 (i) Whether located within or outside of this state, other than a dealer, who sells or
16 distributes cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
17 products within or into this state. Such term shall not include any cigarette or other tobacco product
18 manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. § 5712,

1 if such person sells or distributes cigarettes and/or other tobacco products and/or electronic
2 nicotine-delivery system products in this state only to licensed distributors, or to an export
3 warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

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

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

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

20 (v) Engaged in this state as a dealer and whose annual business sales of cigars are greater
21 than fifty percent (50%) of their sales.

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

27 (6) “Electronic nicotine-delivery system products” means any combination of electronic
28 nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid
29 container. Electronic nicotine-delivery system products shall include hemp-derived consumable
30 CBD products as defined in § 2-26-3.

31 (7) “E-liquid” and “e-liquid products” mean any liquid or substance placed in or sold for
32 use in an electronic nicotine-delivery system that generally utilizes a heating element that
33 aerosolizes, vaporizes, or combusts a liquid or other substance containing nicotine or nicotine
34 derivative:

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

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

4 (8) "Importer" means any person who imports into the United States, either directly or
5 indirectly, a finished cigarette or other tobacco product and/or electronic nicotine-delivery system
6 product for sale or distribution.

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

12 (10) "Manufacturer" means any person who manufactures, fabricates, assembles,
13 processes, or labels a finished cigarette and/or other tobacco products and/or electronic nicotine-
14 delivery system products.

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

28 (12) "Person" means any individual, including an employee or agent, firm, fiduciary,
29 partnership, corporation, trust, or association, however formed.

30 (13) "Pipe" means an apparatus made of any material used to burn or vaporize products so
31 that the smoke or vapors can be inhaled or ingested by the user.

32 (14) "Place of business" means any location where cigarettes and/or other tobacco products
33 and/or electronic nicotine-delivery system products are sold, stored, or kept, including, but not
34 limited to; any storage room, attic, basement, garage or other facility immediately adjacent to the

1 location. It also includes any receptacle, hide, vessel, vehicle, airplane, train, or vending machine.

2 (15) “Sale” or “sell” means gifts, exchanges, and barter of cigarettes and/or other tobacco
3 products and/or electronic nicotine-delivery system products. The act of holding, storing, or
4 keeping cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
5 products at a place of business for any purpose shall be presumed to be holding the cigarettes and/or
6 other tobacco products and/or electronic nicotine-delivery system products for sale. Furthermore,
7 any sale of cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
8 products by the servants, employees, or agents of the licensed dealer during business hours at the
9 place of business shall be presumed to be a sale by the licensee.

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

16 **44-20-8.2. Transactions only with licensed manufacturers, importers, distributors,**
17 **and dealers.**

18 A manufacturer or importer may sell or distribute cigarettes and/or other tobacco products
19 and/or electronic nicotine-delivery system products to a person located or doing business within
20 this state, only if such person is a licensed importer or distributor. An importer may obtain cigarettes
21 and/or other tobacco products and/or electronic nicotine-delivery system products only from a
22 licensed manufacturer. A distributor may sell or distribute cigarettes and/or other tobacco products
23 and/or electronic nicotine-delivery system products to a person located or doing business within
24 this state, only if such person is a licensed distributor or dealer. A distributor may obtain cigarettes
25 and/or other tobacco products and/or electronic nicotine-delivery system products only from a
26 licensed manufacturer, importer, or distributor. A dealer may obtain cigarettes and/or other tobacco
27 products and/or electronic nicotine-delivery system products only from a licensed distributor.

28 Provided, however, this section shall not apply to cigars. [Provided, further, a distributor](#)
29 [who qualifies for a license under § 44-20-1\(4\)\(v\) may also obtain pipe tobacco products from an](#)
30 [unlicensed manufacturer, importer, or distributor.](#)

31 **44-20-4.1. License availability.**

32 (a) No license under this chapter may be granted, maintained, or renewed if the applicant,
33 or any combination of persons owning directly or indirectly any interests in the applicant:

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

- 1 (2) Is delinquent in any tax filings for one month or more;
- 2 (3) Had a license under this chapter revoked by the administrator within the past two (2)
- 3 years;
- 4 (4) Has been convicted of a crime relating to cigarettes and/or other tobacco products
- 5 and/or any electronic nicotine-delivery system products;
- 6 (5) Is a cigarette manufacturer or importer that is neither: (i) A participating manufacturer
- 7 as defined in subsection II (jj) of the “Master Settlement Agreement” as defined in § 23-71-2; nor
- 8 (ii) In full compliance with chapter 20.2 of this title and § 23-71-3;
- 9 (6) Has imported, or caused to be imported, into the United States any cigarette and/or
- 10 other tobacco product and/or electronic nicotine-delivery system products in violation of 19 U.S.C.
- 11 § 1681a or any other state or federal law; or
- 12 (7) Has imported, or caused to be imported into the United States, or manufactured for sale
- 13 or distribution in the United States any cigarette that does not fully comply with the Federal
- 14 Cigarette Labeling and Advertising Act (15 U.S.C. § 1331 et seq.).
- 15 (b)(1) No person shall apply for a new license or permit (as defined in § 44-19-1) or renewal
- 16 of a license or permit, and no license or permit shall be issued or renewed for any applicant, or any
- 17 combination of persons owning directly or indirectly any interests in the applicant, unless all
- 18 outstanding fines, fees, or other charges relating to any license or permit held by the applicant, or
- 19 any combination of persons owning directly or indirectly any interests in the applicant, as well as
- 20 any other tax obligations of the applicant, or any combination of persons owning directly or
- 21 indirectly any interests in the applicant have been paid.
- 22 (2) No license or permit shall be issued relating to a business until all prior licenses or
- 23 permits relating to that business or to that location have been officially terminated and all fines,
- 24 fees, or charges relating to the prior license or permit have been paid or otherwise resolved or the
- 25 administrator has found that the person applying for the new license or permit is not acting as an
- 26 agent for the prior licensee or permit holder who is subject to any such related fines, fees, or charges
- 27 that are still due. Evidence of such agency status includes, but is not limited to, a direct familial
- 28 relationship and/or an employment, contractual, or other formal financial or business relationship
- 29 with the prior licensee or permit holder.
- 30 (3) No person shall apply for a new license or permit pertaining to a specific location in
- 31 order to evade payment of any fines, fees, or other charges relating to a prior license or permit.
- 32 (4) No new license or permit shall be issued for a business at a specific location for which
- 33 a license or permit already has been issued unless there is a bona fide, good-faith change in
- 34 ownership of the business at that location. [A distributor who qualifies for a license under § 44-20-](#)

1 [1\(4\)\(v\) may hold said license at the same location as its dealer's license.](#)

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

7 SECTION 2. 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, OTHER TOBACCO PRODUCTS, AND
ELECTRONIC NICOTINE-DELIVERY SYSTEM PRODUCTS

1 This act would amend the definition of "distributor" under the chapter relating to taxation-
2 -cigarette, other tobacco products, and electronic nicotine-delivery system products, to include
3 dealers whose annual business sales of cigars are greater than fifty percent (50%) of their sales.

4 This act would take effect upon passage.

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