

2016 -- S 2193

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO TAXATION -- LITTLE CIGAR TAX

Introduced By: Senators Miller, DaPonte, Ruggerio, Sosnowski, and Pichardo

Date Introduced: January 27, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-20-13.2 of the General Laws in Chapter 44-20 entitled  
2 "Cigarette Tax" is hereby amended to read as follows:

3           **44-20-13.2. Tax imposed on smokeless tobacco, cigars, and pipe tobacco products. --**

4           (a) A tax is imposed on all smokeless tobacco, cigars, [except little cigars as specified in chapter](#)  
5 [20.2 of this title](#), and pipe tobacco products sold or held for sale in the state by any person, the  
6 payment of the tax to be accomplished according to a mechanism established by the  
7 administrator, division of taxation, department of administration. Any tobacco product on which  
8 the proper amount of tax provided for in this chapter has been paid, payment being evidenced by  
9 a stamp, is not subject to a further tax under this chapter. The tax imposed by this section shall be  
10 as follows:

11           (1) At the rate of eighty percent (80%) of the wholesale cost of cigars, [except little cigars](#)  
12 [as specified in chapter 20.2 of this title](#), pipe tobacco products and smokeless tobacco other than  
13 snuff.

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

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

1 net weight of 1.2 ounces.

2 (b) Any dealer having in his or her possession any tobacco, cigars, and pipe tobacco  
3 products with respect to the storage or use of which a tax is imposed by this section shall, within  
4 five (5) days after coming into possession of the tobacco, cigars, and pipe tobacco in this state,  
5 file a return with the tax administrator in a form prescribed by the tax administrator. The return  
6 shall be accompanied by a payment of the amount of the tax shown on the form to be due.  
7 Records required under this section shall be preserved on the premises described in the relevant  
8 license in such a manner as to ensure permanency and accessibility for inspection at reasonable  
9 hours by authorized personnel of the administrator.

10 (c) The proceeds collected are paid into the general fund.

11 SECTION 2. Sections 44-20.2-1 and 44-20.2-2 of the General Laws in Chapter 44-20.2  
12 entitled "Little Cigar Tax" are hereby amended to read as follows:

13 **44-20.2-1. Definitions.** -- Whenever used in this chapter, unless the context requires  
14 otherwise:

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

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

18 (3) "Distributor" means any person:

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

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

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

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

34 (6) "Little cigars" means and includes any roll, made wholly or in part of tobacco,

1 irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or  
2 mixed with any other ingredient, where such roll has a wrapper or cover made of tobacco  
3 wrapped in leaf tobacco or any substance containing tobacco paper or any other material and  
4 where such roll has an integrated filter, except where such wrapper is wholly or in greater part  
5 made of tobacco and where such roll has an integrated filter and weighs over ~~four (4)~~ four and  
6 one-half (4.5) pounds per thousand (1,000);

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

9 (8) "Person" means any individual, firm, fiduciary, partnership, corporation, trust, or  
10 association, however formed;

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

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

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

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

23 **44-20.2-2. Tax imposed on little cigars sold.** -- (a) The tax imposed on little cigars shall  
24 be imposed in the same manner as the tax on cigarettes in §44-20-12 and shall otherwise be  
25 imposed in accordance with the provisions of §§ 44-20-2 -- 44-20-55.

26 (b) All little cigars shall be sold in packs of twenty (20) or more.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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RELATING TO TAXATION -- LITTLE CIGAR TAX

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1           This act would require that the tax imposed on little cigars be imposed in the same  
2 manner of the tax imposed on cigarettes, and that little cigars be sold in packs of twenty (20) or  
3 more.

4           This act would take effect upon passage.

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