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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TAXATION - CIGARETTE TAX

Introduced By: Representatives Corvese, O'Brien, Handy, Azzinaro, and Edwards

Date Introduced: January 23, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3 **44-20-4.1. License availability.** -- (a) No license under this chapter may be granted,  
4 maintained or renewed if the applicant, or any combination of persons owning directly or  
5 indirectly any interests in the applicant:

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

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

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

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

11 (5) Is a cigarette manufacturer or importer that is neither: (i) a participating manufacturer  
12 as defined in subsection II (jj) of the "Master Settlement Agreement" as defined in section 23-71-  
13 2; nor (ii) in full compliance with chapter 20.2 of this title and section 23-71-3;

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

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

19 (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  
24 combination of entities controlled by or under common control with the applicant, is a health care  
25 facility licensed pursuant to the provisions of chapter 17 of title 23 (“Licensing of Health Care  
26 Facilities”) or maintains a health care facility license pursuant to the provisions of said chapter 17  
27 of title 23 to provide health care services.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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RELATING TO TAXATION - CIGARETTE TAX

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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 health care facility or that maintains a health care facility license.
- 3           This act would take effect upon passage.

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