

2010 -- S 2267

=====
LC01618
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO TAXATION – CIGARETTE TAX

Introduced By: Senators Pichardo, Jabour, Miller, Metts, and Picard

Date Introduced: February 11, 2010

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

10 (1) At the rate specified in section 44-20.2-2, in the case of little cigars as defined in
11 section 44-20.2-1.

12 ~~(2)~~ (2) At the rate of eighty percent (80%) of the wholesale cost of cigars (other than little
13 cigars), pipe tobacco products and smokeless tobacco other than snuff.

14 ~~(3)~~ (3) Notwithstanding the eighty percent (80%) rate in subsection (a) above, in the case
15 of cigars (other than little cigars), the tax shall not exceed fifty cents (\$.50) for each such cigar.

16 ~~(4)~~ (4) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the
17 like 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) The proceeds collected are paid into the general fund.

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

5 **44-20.2-1. Definitions.** -- Whenever used in this chapter, unless the context requires
6 otherwise:

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

8 (2) "Little cigars" means and includes any roll, made wholly or in part of tobacco, other
9 than a cigarette as defined in section 44-20-1, irrespective of size or shape and irrespective of
10 whether the tobacco is flavored, adulterated or mixed with any other ingredient, where such roll
11 has a wrapper or cover made of tobacco wrapped in leaf tobacco or any substance containing
12 tobacco paper or any other material, and where such roll has a cellulose acetate integrated filter,
13 except where such ~~wrapper is wholly or in greater part made of tobacco and such~~ roll weighs over
14 ~~three (3)~~ four (4) pounds per thousand (1,000);

15 (3) "Dealer" means any person whether located within or outside of this state, who sells
16 or distributes little cigars 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 little cigars within or into this state. Such term shall not include any little cigar
20 manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C.
21 section 5712, if such person sells or distributes little cigars in this state only to licensed
22 distributors, or to an export warehouse proprietor or another manufacturer with a valid permit
23 under 26 U.S.C. section 5712;

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

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

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

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

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

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

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

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

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

15 **44-20.2-2. Tax imposed on little cigars sold.** -- The tax imposed on little cigars shall be
16 imposed [at the cigarette tax rate and](#) in accordance with the provisions of sections 44-20-2 -- 44-
17 20-55.

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

=====
LC01618
=====

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

- 1 This act would exclude a little cigar from the definition of a cigarette for tax purposes,
- 2 and would define a little cigar as weighing not more than four (4) pounds per thousand.
- 3 This act would take effect upon passage.

=====
LC01618
=====