



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUDGET OFFICE  
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MEMORANDUM

**To:** The Honorable Marvin L. Abney  
Chairman, House Finance Committee  
  
The Honorable William J. Conley, Jr.  
Chairman, Senate Finance Committee

**From:** Thomas A. Mullaney *Thomas A. Mullaney*  
Executive Director/State Budget Officer

**Date:** March 22, 2018

**Subject:** Amendments to Article 4 of the FY 2019 Appropriations Act  
(18-H-7200)

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The Governor requests that Article 4 entitled "Relating to Taxes and Revenue" submitted on January 18, 2018 be amended as follows:

In Section 6, ~~strikeout~~ page 125 (of the full bill), lines 31 – 34 and page 126, lines 1 – 4. This language on voluntary compliance is no longer required because of the proposal to institute a licensing requirement for Other Tobacco Produce dealers.

In section 8, on page 126, lines 26 and 27, ~~strikeout~~ "thirty-seven and one half (37.5)" and replace with "twelve and one half (12.5)". Also, on line 33, ~~strikeout~~ "thirty-seven and one half" and replace with "twelve and one half (12.5)". The additional floor tax to be assessed is the proposed increase in the cigarette tax of 25 cents, not 75 cents.

Attached are each of these sections of article 4 with the requested changes highlighted in grey.

If you have any questions regarding this amendment, please feel free to call me at 222-6300.

TAM:sma 19-Amend-12

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
Michael DiBiase, Director of Administration  
Jonathan Womer, Director, Office of Management and Budget  
Neena Savage, Tax Administrator

**H7200, Article 4, Section 6 and 8 Corrections**

**Section 6:**

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

**tobacco products.** (a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, and pipe tobacco products sold, or held for sale in the state by any person, the payment of the tax to be accomplished according to a mechanism established by the administrator, division of taxation, department of revenue. The tax imposed by this section shall be as follows:

(1) At the rate of eighty percent (80%) of the wholesale cost of other tobacco products, cigars, pipe tobacco products and smokeless tobacco other than snuff.

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

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

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

~~(e)~~(b) The proceeds collected are paid into the general fund.



**Section 8:**

**44-20-12.6 Floor stock tax on cigarettes and stamps. –**

(a) Each person engaging in the business of selling cigarettes at retail in this state shall pay a tax or excise to the state for the privilege of engaging in that business during any part of the calendar year 2018. In calendar year 2018, the tax shall be measured by the number of cigarettes held by the person in this state at 12:01 a.m. on August 1, 2018 and is computed at the rate ~~thirty-seven and one-half (37.5) mills~~ twelve and one half (12.5) mills for each cigarette on August 1, 2018.

(b) Each distributor licensed to do business in this state pursuant to this chapter shall pay a tax or excise to the state for the privilege of engaging in that business during any part of the calendar year 2018. The tax is measured by the number of stamps, whether affixed or to be affixed to packages of cigarettes, as required by § 44-20-28. In calendar year 2018 the tax is measured by the number of stamps), whether affixed or to be affixed, held by the distributor at 12:01 a.m. on August 1, 2018, and is computed at the rate of ~~thirty-seven and one-half (37.5) mills~~ twelve and one half (12.5) mills per cigarette in the package to which the stamps are affixed or to be affixed.

(c) Each person subject to the payment of the tax imposed by this section shall, on or before August 15, 2018, file a return, under oath or certified under the penalties of perjury, with the tax administrator on forms furnished by him or her, showing the amount of cigarettes and the number of stamps in that person's possession in this state at 12:01 a.m. on August 1, 2018, as described in this section above, and the amount of tax due, and shall at the time of filing the return pay the tax to the tax administrator. Failure to obtain forms shall not be an excuse for the failure to make a return containing the information required by the tax administrator.

(d) The tax administrator may prescribe rules and regulations, not inconsistent with law, with regard to the assessment and collection of the tax imposed by this section.