



Rhode Island Department of Revenue

Division of Taxation

Via Electronic Mail

February 25, 2025

The Honorable Joseph J. Solomon, Jr.
Chair, House Committee on Corporations
Rhode Island State House
Providence, RI 02903

RE: Letter Regarding House Bill 5329 – An Act Relating to Taxation – Cigarette and Other Tobacco Products Tax

Dear Chair Solomon:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed House Bill 5329 as currently drafted; ii) explain the background and current statutory context in order to clarify the intended and unintended consequences of this bill; and iii) make recommendations and request your support in implementing those recommendations.

This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid tax administration and compliance.

As you know, this bill would amend R.I. Gen. Laws § 44-20-61 (Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products – Product restrictions on electronic nicotine-delivery system products) to include a definition for “[v]ape shop.” The bill would also add a vape shop exemption to the prohibition against selling or offering for sale flavored electronic nicotine-delivery system (“ENDS”) products to consumers within Rhode Island. The bill is set to be effective upon passage.

There are several potential issues with the bill that impact tax administration, including, but not limited to:

- The bill’s definition of “[v]ape shop” is ambiguous. The Division would not be able to determine which premises are “dedicated to the display, sale, distribution, delivery, offering, furnishing, or marketing of nicotine-delivery system products, liquid nicotine, liquid nicotine containers or vapor products” because it does not track such information. These ambiguities would cause administrability issues. Further, “nicotine-delivery system products” is not defined in Chapter 44-20 and would include products beyond ENDS products.
- The bill would create potential taxpayer disparity between businesses that are “dedicated” to the sale of vape products, depending on the meaning of “dedicated,” and those that sell other products along with vape products. This would also create an administrability issue

as enforcement would differ depending on the type of business selling the same ENDS products.

- Enforcing the flavored ENDS product prohibition is a high volume, high resource activity for the Division which involves investigation, seizure of contraband products, tax assessment, notice of assessment and appellate processes. To carve out exceptions to the ban would add a further burden on the Division.

The Division takes no position with respect to the remainder of the proposed legislation. Rather, the Division is concerned solely with the issues of clarity, tax compliance, and tax administration. As such, the Division respectfully suggests that the bill be redrafted for clarity.

I look forward to working with you to address the issues raised in this letter and appreciate your consideration.

Very truly yours,



Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Corporations (via: HouseCorporations@rilegislature.gov)
The Honorable William W. O'Brien (via: rep-obrien@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
Thomas A. Verdi, Director, Department of Revenue