

## Chris O'Brien

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**From:** Glynn Loope <Glynn@PremiumCigars.org>  
**Sent:** Tuesday, February 3, 2026 9:39 PM  
**To:** House Finance Committee  
**Subject:** Testimony to Address H. 7127

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Members of the House Finance Committee:

On behalf of the Premium Cigar Association and our Rhode Island members, we write in opposition to the provisions in H. 7127 that would raise the tax cap on premium cigars from its current level of .50, to a new all too high rate of \$2.

This regressive step will only drive business to lower cost surrounding states, and other lower rate alternatives, resulting in lost revenue for the state, and threatening the economic viability of less than a dozen Rhode Island small businesses.

The current cap level has protected Rhode Island small business tobacconists since its enactment in July 2017. Since then, fifteen states have followed suit, demonstrating how it has become an acceptable approach to tax policy.

We took the liberty of having an independent economist prepare an economic impact review of this proposal, and the results are staggering. One has to remember that tobacco tax changes rarely, if ever, reach their projected levels of collection. Our member's patrons are a discerning adult clientele, that are cost conscious, and brand loyal. Change alters their buying patterns, with local and statewide economic consequences.

The following represents that analysis:

### **Impact Summary of Premium Cigar Tax Change from 80% Wholesale with a \$0.50 Tax Cap to 80% of Wholesale with a \$2.00 Tax Cap**

- Output: Total sales down \$1.3 million, - direct losses in cigar retail, indirect losses to suppliers, and induced losses from household spending.
- Earnings: Wages, benefits, and self-employment income down \$443,990.
- Jobs: Net loss of 11 positions - retail jobs plus indirect and induced positions tied to supplier and household activity.
- GDP (Value-added): Down \$784,377 - wages, business profits, and taxes from direct, indirect, and induced channels.
- Total Taxes: Combined direct, indirect, and induced tax revenues decrease by \$47,331.

We would welcome any questions or need for additional information. With thanks for your consideration,  
I am

Glynn Loope

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