



March 23, 2026

Senate Committee on Finance
Rhode Island State Senate
82 Smith Street
Providence, RI 02903

Re: Opposition to Certain Provisions in House Bill 7127

Dear Chair DiPalma, 1st Vice Chair Ciccone, 2nd Vice Chair Felag, and Members of the Senate Finance Committee:

I am writing on behalf of Cumberland Farms, to express our opposition to certain provisions of House Bill 7127—specifically, the proposed \$0.75 per-pack increase in the state’s excise tax on cigarettes, increase of the minimum tax on cigars from \$0.50 to \$2.00, and removal of the stamping allowance at wholesale.

Rhode Island already ranks third in the nation for cigarette excise taxes. This increase would move the state to second, behind only New York. Experience from other high-tax states demonstrates that excise taxes can only be increased so much before they stop generating additional revenue. In fact, when New York raised its cigarette tax to \$5.35 per pack in 2024, [the state’s own budget projections](#) anticipated revenue losses of \$13 million, \$25 million, \$24 million, and \$22 million in successive years between 2024 and 2027. Rhode Island should reasonably expect a similar outcome.

Cumberland Farms operates more than fifty retail locations statewide, giving us a firsthand understanding of the Rhode Island convenience and tobacco/nicotine marketplace. These tax increases on cigarettes and cigars would almost certainly send customers to neighboring Massachusetts, where cigarette prices would be more than \$1.70 lower per pack. For the average adult smoker, that amounts to over \$475 in annual savings, creating a powerful incentive to shop across state lines. Rhode Island cigar smokers facing a minimum tax increase of 300% will no doubt cross state lines to make their purchases as well.

When customers leave the state to purchase cigars and cigarettes, they also take with them related purchases such as fuel, hot and packaged food, and lottery products. The resulting loss in sales places considerable financial strain on Rhode Island retailers and can ultimately lead to reduced labor hours and fewer employment opportunities. These impacts would be felt most acutely in border communities where we operate stores such as Central Falls and North Smithfield.

As the nation’s smallest state geographically, Rhode Island faces unique competitive challenges. Policy decisions made here are especially sensitive to the actions of neighboring states, and Rhode Island’s tax policies are never insulated from regional market dynamics. Simply put, a few extra miles of drive time is all it takes for Rhode Island consumers to save on their purchase, and they’ve proven willing to do so. We see this routinely occur on gasoline sales, so we’re confident it will happen in this instance.

While these proposed tax increases may be well-intended, they are unlikely to achieve their desired objectives. Rather than discouraging adult smokers, the increase would simply push them to purchase the same products in other states—undermining in-state businesses, jobs, and ultimately, state revenue.

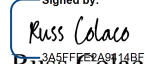
Cumberland Farms, Inc.
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508-270-1400
www.cumberlandfarms.com

Cumberland Farms is also a licensed cigarette wholesaler in the State of Rhode Island. The current cigarette stamping allowance of 1.25% is designed to cover the costs licensed wholesalers incur in collecting and remitting excise taxes for the State of Rhode Island. Removal of this stamping allowance will unfairly punish businesses that are lawfully operating as licensed cigarette wholesalers and could cause companies to incur additional annual costs in excess of \$265,000.

On behalf of our organization and the employees who rely on our Rhode Island retail locations for their livelihoods, we respectfully urge the Committee to remove from the bill the repeal of the 1.25% cigarette stamping allowance, the proposed \$0.75 per-pack increase in the state's excise tax on cigarettes, and the proposed increase of the minimum tax on cigars from \$0.50 to \$2.00.

Thank you for your time and consideration.

Sincerely,

Signed by:

Russ Colaco
President and CEO
Cumberland Farms, Inc.

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