

**D**  **R** Rhode Island Department of Revenue  
Division of Taxation

*Via Electronic Mail*

March 24, 2026

The Honorable Louis P. DiPalma  
Chair, Senate Committee on Finance  
Rhode Island State House  
Providence, RI 02903

**RE: Letter Regarding Senate Bill 2844 – An Act Relating to Taxation – Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products**

Dear Chair DiPalma:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed Senate Bill 2844 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 § 44-20-1, entitled “Cigarette, Other Tobacco Products, and Electronic Nicotine-Delivery System Products – Definitions,” to add a definition for “Electronic nicotine-delivery system [ENDS] shop” and amend R.I. Gen. Laws § 44-20-61, entitled “Product restrictions on electronic nicotine-delivery system products,” to add the new definition for ENDS shop and include the phrase “whether naturally or artificially flavored” to the definition of “Characterizing flavor.” The bill would also amend § 44-20-61 to add an ENDS shop exemption to the prohibition against selling or offering for sale flavored ENDS products to consumers within Rhode Island, require that ten percent (10%) of sales revenue from ENDS shops be transferred to tobacco cessation programs established in R.I. Gen. Laws § 27-20-53, and double any penalty assessed against ENDS shops in violation of § 44-20-61 or § 11-9-13 and impose the costs associated with storing and/or destroying confiscated materials on the ENDS shop from whom the contraband was confiscated. The bill is set to take effect upon passage.

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

- The bill’s definition of “Electronic nicotine-delivery system 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 electronic nicotine-delivery system products, liquid nicotine containers or vapor products, or any products as defined in § 11-9-13.4” because it does not track such information. These ambiguities would cause administrability issues. The proposed definition and terms in this bill do not distinguish a licensing category or requirements for ENDS shops so that the proposed statutory mandates may be enforced. Currently, all Cigarette, Tobacco, and ENDS licensees are authorized to sell all products (which do not include flavored ENDS products) under one license. All businesses that are currently selling ENDS products could technically fall under the definition of “ENDS shop” regardless of whether they sell flavored or unflavored ENDS.

- The bill would create potential taxpayer disparity between businesses that are “dedicated” to the sale of ENDS products, depending on the meaning of “dedicated,” and those that sell other products along with ENDS 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.

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 Senate Committee on Finance  
(via: [SenateFinance@rilegislature.gov](mailto:SenateFinance@rilegislature.gov))  
Kristen Silvia, Deputy Chief of Staff/Director of Legislation  
Jane E. Cole, Interim Director, Department of Revenue