

DOR 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 3131 – 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 3131 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 “Alternative nicotine product.” The bill would rename R.I. Gen. Laws § 44-20-13.2 from “Tax imposed on other tobacco products, smokeless tobacco, cigars, pipe tobacco products, and electronic nicotine delivery products” to “Tax imposed on other tobacco products and electronic nicotine-delivery products” and would impose a tax on “alternative nicotine products” at the rate of two dollars (\$2.00) per container containing up to twenty (20) units “and a proportionate tax at the like rate on containers that have more than twenty (20) units.” Additionally, the bill removes all references to “smokeless tobacco, cigars, and pipe tobacco products” from R.I. Gen. Laws § 44-20-13.2. The bill is set to take effect on July 1, 2026.

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

- As currently drafted, the bill removes all references to “smokeless tobacco, cigars, and pipe tobacco products” in R.I. Gen. Laws § 44-20-13.2. Without expanding definitions for these products, the bill may inadvertently allow such products to avoid taxation. The Division respectfully suggests that the bill be redrafted for clarity.

- A thorough review and study of the purpose and scope of the proposed bill is needed to determine if there are other unintended consequences. Additionally, a thorough review and study of the interplay between the proposed bill and the relevant statutes is needed to ensure the bill is administrable and operates as intended.
- The definition of “alternative nicotine product” as “a noncombustible product that does not contain tobacco leaf” may result in over inclusiveness of products not intended to be included and may conflict with other established definitions under Rhode Island law.
- As currently drafted, the bill includes the phrase “and a proportionate tax at the like rate on containers that have more than twenty (20) units” in the proposed amendment to R.I. Gen. Laws § 44-20-13.2. Such language is ambiguous. The Division respectfully suggests that the bill’s language include an explicit tax rate for products with more than twenty (20) units.
- The bill’s effective date is July 1, 2026. The Division respectfully suggests making it clear in the language that the new definition and tax rate apply to tax years beginning on or after July 1, 2027, for clarity and to aid in administration. Otherwise, the bill would have a retroactive effect and cause administrability issues.
- In addition, it should be confirmed that the bill’s language comports with the Tobacco Master Settlement Agreement.

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)
Kristen Silvia, Deputy Chief of Staff/Director of Legislation
Jane E. Cole, Interim Director, Department of Revenue