

ARTICLE 6 AS AMENDED

RELATING TO TAXES AND FEES

SECTION 1. Chapter 3-6 of the General Laws entitled "Manufacturing and Wholesale Licenses" is hereby amended by adding thereto the following section:

3-6-18. License fee relief.

If the holder of a manufacturer's license obtains a rectifier's license or another type of manufacturer's license for further operations at the same premises, the department will waive the license fee for the additional license.

SECTION 2. Section 5-20.5-11 of the General Laws in Chapter 5-20.5 entitled "Real Estate Brokers and Salespersons" is hereby amended to read as follows:

5-20.5-11. Fees and license renewals.

(a) The following fees shall be charged by the director:

(1) For each application, a fee of ten dollars (\$10.00);

(2) For each examination, a fee, the cost of which is limited to the charge as designated by the appropriate testing service's contract with the department of business regulation;

(3) For each original broker's license issued, a fee of eighty-five dollars (\$85.00) per annum for the term of the license and for each annual renewal of the license, a fee of eighty-five dollars (\$85.00) per annum for the term of renewal. The total fees for the term of initial licensure and of renewal must be paid at the time of application for the license;

(4) For each original salesperson's license issued, a fee of sixty-five dollars (\$65.00) per annum for the term of the license and for each renewal of the license, a fee of sixty-five dollars (\$65.00) per annum for the term of the license. The total fees for the term of initial licensure and of renewal must be paid at the time of application for the license;

~~(5) For each change from one broker to another broker by a salesperson, or a broker, a fee of twenty five dollars (\$25.00), to be paid by the salesperson or the broker;~~

(6) For each broker's license reinstated after its expiration date, a late fee of one hundred dollars (\$100), in addition to the required renewal fee;

(7) For each salesperson's license reinstated after its expiration date, a late fee of one hundred dollars (\$100) in addition to the required renewal fee.

(b) Every licensed real estate broker and salesperson who desires to renew a license for the

1 succeeding year term shall apply for the renewal of the license upon a form furnished by the director
2 and containing information that is required by the director. Any renewal of a license is subject to
3 the same provisions covering issuance, suspension, and revocation of any license originally issued.
4 At no time shall any license be renewed without examination if the license has expired beyond a
5 period of one year.

6 SECTION 3. Sections 11-9-13.4, 11-9-13.11, 11-9-13.13 and 11-9-13.20 of the General
7 Laws in Chapter 11-9 entitled "Children" are hereby amended to read as follows:

8 **11-9-13.4. Definitions.**

9 ~~As used in~~ For the purposes of this chapter:

10 (1) "Bidi cigarette" means any product that (i) Contains tobacco that is wrapped in
11 temburni or tender leaf, or that is wrapped in any other material identified by rules of the department
12 of health that is similar in appearance or characteristics to the temburni or tender leaf, and (ii) Does
13 not contain a smoke filtering device.

14 (2) "Court" means any appropriate district court of the state of Rhode Island.

15 (3) "Dealer" is synonymous with the term "retail tobacco products dealer."

16 (4) "Department of behavioral healthcare, developmental disabilities and hospitals" means
17 the state of Rhode Island behavioral healthcare, developmental disabilities and hospitals
18 department, its employees, agents, or assigns.

19 (5) "Department of taxation" means the state of Rhode Island taxation division, its
20 employees, agents, or assigns.

21 (6) "Electronic nicotine-delivery system" means an electronic device that may be used to
22 simulate smoking in the delivery of nicotine or other substance to a person inhaling from the device,
23 and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic cigarillo,
24 electronic little cigars, electronic pipe, ~~or~~ electronic hookah, ~~"heat not burn products,"~~ e-liquids, e-
25 liquid products, or any related device and any cartridge or other component of such device.

26 (7) "Electronic nicotine-delivery system product" means any combination of electronic
27 nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid
28 container. Electronic nicotine-delivery system products shall not include hemp-derived consumable
29 cannabidiol (CBD) products as defined in § 2-26-3.

30 (8) "E-liquid" and "e-liquid products" means any liquid or substance placed in or sold for
31 use in an electronic nicotine-delivery system that generally utilizes a heating element that
32 aerosolizes, vaporizes, or combusts a liquid or other substance containing nicotine or nicotine
33 derivative:

34 (i) Whether the liquid or substance contains nicotine or a nicotine derivative; or

1 (ii) Whether sold separately or sold in combination with a personal vaporizer, electronic
2 nicotine-delivery system, or an electronic inhaler.

3 (9) “License” is synonymous with the term “retail tobacco products dealer license” or
4 “electronic nicotine-delivery system license” or any license issued under chapter 20 of title 44 ~~or~~
5 ~~chapter 1 of title 23.~~

6 (10) “License holder” is synonymous with the term “retail tobacco products dealer” or
7 “electronic nicotine-delivery system license” or any licenses issued under chapter 20 of title 44 ~~or~~
8 ~~chapter 1 of title 23.~~

9 (11) “Little cigars” means and includes any roll, made wholly or in part of tobacco,
10 irrespective of size or shape, and irrespective of whether the tobacco is flavored, adulterated, or
11 mixed with any other ingredient, where such roll has a wrapper or cover made of tobacco wrapped
12 in leaf tobacco or any substance containing tobacco paper or any other material and where such roll
13 has an integrated filter, except where such wrapper is wholly or in greater part made of tobacco and
14 where such roll has an integrated filter and weighs over four (4) pounds per thousand (1,000).

15 (12) “Person” means any individual person, firm, fiduciary, partnership, trust, association,
16 or corporation licensed as a retail dealer to sell tobacco products within the state.

17 (13) “Retail tobacco products dealer” means the holder of a license to sell tobacco products
18 at retail and shall include holders of all other licenses issued under chapter 20 of title 44 ~~or chapter~~
19 ~~1 of title 23.~~

20 (14) “Retail tobacco products dealer license” means a license to sell tobacco products
21 and/or electronic nicotine-delivery system products as defined in § 44-20-1(7) at retail as issued by
22 the department of taxation.

23 (15) “Spitting tobacco” also means snuff, powdered tobacco, chewing tobacco, dipping
24 tobacco, pouch tobacco, or smokeless tobacco.

25 (16) “Tobacco product(s)” means any product(s) containing, made of, or derived from
26 tobacco or nicotine that is intended for human consumption or is likely to be consumed, whether
27 inhaled, absorbed, or ingested by any other means, including, but not limited to, a cigarette, a little
28 cigar as defined in § 44-20.2-1, and any and all products as defined in § 44-20-1, electronic nicotine-
29 delivery system products, or any added substance that may be aerosolized, vaporized, or otherwise
30 delivered by such an electronic nicotine-delivery system device, whether or not that substance
31 contains nicotine.

32 (i) “Tobacco product(s)” does not include drugs, devices, or combination products intended
33 to treat tobacco or nicotine dependence that are authorized by the United States Food and Drug
34 Administration, as those terms are defined in the Federal Food, Drug and Cosmetic Act. Nor does

1 it include such authorized drugs, devices, or combination products with such treatment purpose by
2 individuals under age twenty-one (21) if prescribed by a licensed prescriber such as a physician,
3 nurse practitioner, or physician assistant.

4 (17) “Underage individual” or “underage individuals” means any individual under the age
5 of twenty-one (21).

6 **11-9-13.11. Prohibition on the sale or distribution of tobacco products, including**
7 **electronic nicotine-delivery system products, through the mail — Conveyance of tobacco**
8 **products, including electronic nicotine-delivery system products, through the mail to**
9 **individuals under twenty-one (21) — Proof of age of purchaser required — General rule.**

10 (a) The distribution, or sale or conveyance of tobacco products, including electronic
11 nicotine-delivery system products, to individuals under the age of twenty-one (21) via the United
12 States Postal Service, or by any other public or private postal or package delivery service, shall be
13 prohibited.

14 (b) Any person, including, but not limited to, on-line retailers, selling or distributing
15 tobacco products in the form of little cigars as defined in § 44-20.2-1, snuff, any and all products
16 defined in § 44-20-1, or electronic nicotine-delivery system products directly to a ~~consumer~~
17 purchaser via the United States Postal Service, or by any other public or private postal or package
18 delivery service, including orders placed by mail, telephone, facsimile, or internet, shall: (1) before
19 distributing or selling the tobacco product, including electronic nicotine-delivery system products,
20 through any of these means, receive both a copy of a valid form of government identification
21 showing date of birth to verify the purchaser is age twenty-one (21) years or over and an attestation
22 from the purchaser certifying that the information on the government identification truly and
23 correctly identifies the purchaser and the purchaser’s current address, and (2) deliver the tobacco
24 product, including electronic nicotine-delivery system products, to the address of the purchaser
25 given on the valid form of government identification and by a postal or package delivery service
26 method that either limits delivery to that purchaser and requires the purchaser to sign personally to
27 receive the delivery or requires a signature of an individual age twenty-one (21) or over at the
28 purchaser’s address to deliver the package.

29 (c) The attorney general shall bring an action for any violation of this chapter. Any
30 distribution, or sale or conveyance of a tobacco product, including electronic nicotine-delivery
31 system products, to an individual under twenty-one (21) years of age via the United States Postal
32 Service, or by any other public or private postal or package delivery service, shall be subject to an
33 action against the distributor, or seller or conveyor by the attorney general of the state of Rhode
34 Island. A minimum fine of one thousand dollars (\$1,000) shall be assessed against any distributor,

1 or seller or conveyor convicted of distributing, or selling or conveying tobacco products, including
2 electronic nicotine-delivery system products, via the United States postal service, or by any other
3 public or private postal or package delivery service, for each delivery, or sale or conveyance of a
4 tobacco product, including electronic nicotine-delivery system products, to an individual under
5 twenty-one (21) years of age.

6 (d) For the purpose of this section, “distribution,” “distributing,” “selling” and “sale” do
7 not include the acts of the United States Postal Service or other common carrier when engaged in
8 the business of transporting and delivering packages for others or the acts of a person, whether
9 compensated or not, who transports or delivers a package for another person without any reason to
10 know of the package’s contents.

11 (e) Any delivery sale of cigarettes shall be made pursuant to the provisions of chapter 20.1
12 of title 44. The provisions of this section shall apply to each tobacco product listed in subsection
13 (b) herein, which include electronic nicotine-delivery system products, but shall not apply to any
14 delivery sale of cigarettes.

15 **11-9-13.13. Nature and size of penalties.**

16 (a) Any license holder who violates a requirement of § 11-9-13.6(2) or § 11-9-13.7, display
17 of specific signage, shall be subject to a fine in court of not less than thirty-five dollars (\$35.00),
18 nor more than five hundred dollars (\$500), per civil violation.

19 (b) The license holder is responsible for all violations of this section that occur at the
20 location for which the license is issued. Any license holder who or that violates the prohibition of
21 § 11-9-13.8(1) or § 11-9-13.20 shall be subject to civil fines as follows:

22 (1) A fine of two hundred fifty dollars (\$250) for the first violation within any thirty-six-
23 month (36) period;

24 (2) A fine of five hundred dollars (\$500) for the second violation within any thirty-six-
25 month (36) period;

26 (3) A fine of one thousand dollars (\$1,000) and a fourteen-day (14) suspension of the
27 license to sell tobacco products or electronic nicotine-delivery systems for the third violation within
28 any thirty-six-month (36) period;

29 (4) A fine of one thousand five hundred dollars (\$1,500) and a ninety-day (90) suspension
30 of the license to sell tobacco products or electronic nicotine-delivery systems for each violation in
31 excess of three (3).

32 (c) Any person who or that violates a prohibition of § 11-9-13.8(3), sale of single cigarettes;
33 or § 11-9-13.8(2), regarding factory-wrapped packs as sealed and certified by the manufacturer;
34 shall be subject to a penalty of five hundred dollars (\$500) for each violation.

1 (d) The department of taxation ~~and/or the department of health~~ shall not issue a license to
2 any individual, business, firm, fiduciary, partnership, trust, association, or corporation, the license
3 of which has been revoked or suspended; to any corporation, an officer of which has had his or her
4 license revoked or suspended; or to any individual who is, or has been, an officer of a corporation
5 the license of which has been revoked or suspended so long as such revocations or suspensions are
6 in effect.

7 (e) The court may suspend the imposition of a license suspension of the license secured
8 from the Rhode Island tax administrator or department of health for a violation of subsections (b)(3)
9 and (b)(4) of this section if the court finds that the license holder has taken measures to prevent the
10 sale of tobacco products, including electronic nicotine-delivery system products, to an underage
11 individual and the license holder can demonstrate to the court that those measures have been taken
12 and that employees have received training. No person or individual shall sell tobacco products,
13 including electronic nicotine-delivery system products, at retail without first being trained in the
14 legal sale of tobacco products, including electronic nicotine-delivery system products. Training
15 shall teach employees what constitutes a tobacco product, including an electronic nicotine-delivery
16 system product; legal age of sale; acceptable identification; how to refuse a direct sale to an
17 underage individual or secondary sale to an individual twenty-one (21) years or older; and all
18 applicable laws on tobacco sales and distribution. Dealers shall maintain records indicating that the
19 provisions of this section were reviewed with all employees who conduct, or will conduct, tobacco
20 product sales, including electronic nicotine-delivery system product sales. Each employee who
21 sells or will sell tobacco products, including electronic nicotine-delivery system products, shall sign
22 an acknowledgement form attesting that the provisions of this section were reviewed with him or
23 her. Each form shall be maintained by the retailer for as long as the employee is so employed and
24 for no less than one year after termination of employment. The measures to prevent the sale of
25 tobacco products, including electronic nicotine-delivery system products, to underage individuals
26 shall be defined by the department of behavioral healthcare, developmental disabilities and
27 hospitals in rules and regulations.

28 **11-9-13.20. Packaging of electronic nicotine-delivery system liquid.**

29 (a) No liquid, whether or not such liquid contains nicotine, that is intended for human
30 consumption and used in an electronic nicotine-delivery system, as defined in § 11-9-13.4, shall be
31 sold unless the liquid is contained in child-resistant packaging.

32 (b) Any liquid nicotine container that is sold at retail in this state must satisfy the child-
33 resistant effectiveness standards set forth in 16 C.F.R. § 1700.15(b), when tested in accordance
34 with the method described in 16 C.F.R. § 1700.20. All licensees under ~~§ 23-1-56~~ [§ 44-20-2](#) shall

1 ensure that any liquid sold by the licensee intended for human consumption and used in an
2 electronic-nicotine delivery system, as defined in § 11-9-13.4, is sold in a liquid nicotine container
3 that meets the requirements described and referenced in this subsection.

4 (c) For the purposes of this section, “liquid nicotine container” means a bottle or other
5 container of a liquid or other substance where the liquid or substance is sold, marketed, or intended
6 for use in a vapor product. A “liquid nicotine container” does not include a liquid or other substance
7 in a cartridge that is sold, marketed, or intended for use in a vapor product, provided that such
8 cartridge is prefilled and sealed by the manufacturer and not intended to be opened by the ~~consumer~~
9 [purchaser](#).

10 (d) Any licensee or any person required to be licensed under ~~§ 23-1-56~~ [§ 44-20-2](#) who or
11 that fails to comply with this section shall be subject to the penalties provided in § 11-9-13.13.

12 (e) The licensee is responsible for all violations of this section that occur at the location for
13 which the license is issued.

14 (f) No licensee or person shall be found in violation of this section if the licensee or person
15 relied in good faith on documentation provided by or attributed to the manufacturer of the
16 packaging of the aforementioned liquid that such packaging meets the requirements of this section.

17 [\(g\) On or after January 1, 2025, any product found to be in violation of this chapter shall](#)
18 [be considered contraband and subject to the confiscation provisions outlined in § 44-20-15.](#)

19 SECTION 4. Section 11-9-13.8.1 of the General Laws in Chapter 11-9 entitled "Children"
20 is hereby repealed.

21 ~~**11-9-13.8.1. Signs concerning the health effects of tobacco.**~~

22 ~~Signs provided by the department of behavioral healthcare, developmental disabilities and~~
23 ~~hospitals, or an exact duplicate of it made privately, shall:~~

24 ~~(1) Contain in red bold lettering a minimum of one quarter of an inch (1/4") high on a white~~
25 ~~background the following wording, in both English and Spanish:~~

26 ~~WARNING: SMOKING CIGARETTES CONTRIBUTES TO LUNG DISEASE,~~
27 ~~CANCER, HEART DISEASE, STROKE AND RESPIRATORY ILLNESS AND DURING~~
28 ~~PREGNANCY MAY RESULT IN LOW BIRTH WEIGHT AND PREMATURE BIRTH.~~

29 ~~(2) The signs shall also include information regarding resources available to Rhode Island~~
30 ~~residents who would like to quit smoking.~~

31 ~~(3) The signs shall be displayed prominently for public view wherever tobacco products~~
32 ~~are sold at each cash register, each tobacco vending machine, or any other place from which tobacco~~
33 ~~products are sold. The signs shall be electronically available in both English and Spanish online at~~
34 ~~the department of behavioral healthcare, developmental disabilities and hospitals' website.~~

1 ~~(4) The department of behavioral healthcare, developmental disabilities and hospitals shall~~
2 ~~have the power and authority to develop and disseminate signs pursuant to the requirements of this~~
3 ~~section for other tobacco products, including electronic nicotine delivery system products. The~~
4 ~~messaging included in the signs shall be based on the most current scientific evidence.~~

5 SECTION 5. Sections 23-1-55, 23-1-56, 23-1-57 and 23-1-58 of the General Laws in
6 Chapter 23-1 entitled "Department of Health" are hereby repealed.

7 ~~**23-1-55. Electronic nicotine delivery system distributor, and dealer licenses required**~~

8 ~~**Definitions:**~~

9 ~~**Definitions.** Whenever used in §§ 23-1-56 to 23-1-58, unless the context requires~~
10 ~~otherwise:~~

11 ~~(1) "Dealer" means any person, whether located within or outside of this state, who sells~~
12 ~~or distributes electronic nicotine delivery system products to a consumer in this state;~~

13 ~~(2) "Distributor" means any person:~~

14 ~~(i) Whether located within or outside of this state, other than a dealer, who sells or~~
15 ~~distributes electronic nicotine delivery system products within or into this state. Such term shall~~
16 ~~not include any electronic nicotine delivery system products manufacturer, export warehouse~~
17 ~~proprietor, or importer with a valid permit, if such person sells or distributes electronic nicotine~~
18 ~~delivery system products in this state only to licensed distributors or to an export warehouse~~
19 ~~proprietor or another manufacturer with a valid permit;~~

20 ~~(ii) Selling electronic nicotine delivery system products directly to consumers in this state~~
21 ~~by means of at least twenty five (25) electronic nicotine delivery system product vending~~
22 ~~machines;~~

23 ~~(iii) Engaged in this state in the business of manufacturing electronic nicotine delivery~~
24 ~~system products or any person engaged in the business of selling electronic nicotine delivery~~
25 ~~system products to dealers, or to other persons, for the purpose of resale only; provided that seventy-~~
26 ~~five percent (75%) of all electronic nicotine delivery system products sold by that person in this~~
27 ~~state are sold to dealers or other persons for resale and selling electronic nicotine delivery system~~
28 ~~products directly to at least forty (40) dealers or other persons for resale; or~~

29 ~~(iv) Maintaining one or more regular places of business in this state for that purpose;~~
30 ~~provided, that seventy five percent (75%) of the sold electronic nicotine delivery system products~~
31 ~~are purchased directly from the manufacturer and selling electronic nicotine delivery system~~
32 ~~products directly to at least forty (40) dealers or other persons for resale;~~

33 ~~(3) "Electronic nicotine delivery system" means the products as defined in § 11-9-13.4(6).~~

34 ~~**23-1-56. License.**~~

1 ~~(a) Each person engaging in the business of selling electronic nicotine delivery system~~
2 ~~products in the state, including any distributor or dealer, shall secure a license annually from the~~
3 ~~department before engaging in that business or continuing to engage in it. A separate application~~
4 ~~and license is required for each place of business operated by a distributor or dealer. If the applicant~~
5 ~~for a license does not have a place of business in this state, the license shall be issued for such~~
6 ~~applicant's principal place of business, wherever located. A licensee shall notify the department~~
7 ~~within thirty (30) days in the event that it changes its principal place of business. A separate license~~
8 ~~is required for each class of business if the applicant is engaged in more than one of the activities~~
9 ~~required to be licensed by this section. No person shall maintain or operate, or cause to be operated,~~
10 ~~a vending machine for electronic nicotine delivery systems without procuring a dealer's license for~~
11 ~~each machine.~~

12 ~~(b) The director shall have authority to set a reasonable fee not to exceed twenty five~~
13 ~~dollars (\$25.00) for the issuance of the license.~~

14 ~~(c) Each issued license shall be prominently displayed on the premises, if any, covered by~~
15 ~~the license.~~

16 ~~(d) The director shall create and maintain a website setting forth the identity of all licensed~~
17 ~~persons under this section, itemized by type of license possessed, and shall update the site no less~~
18 ~~frequently than six (6) times per year.~~

19 ~~(e) A manufacturer or importer may sell or distribute electronic nicotine delivery systems~~
20 ~~to a person located or doing business within the state only if such person is a licensed distributor.~~
21 ~~An importer may obtain electronic nicotine delivery systems only from a licensed manufacturer. A~~
22 ~~distributor may sell or distribute electronic nicotine delivery systems to a person located or doing~~
23 ~~business within this state only if such person is a licensed distributor or dealer. A distributor may~~
24 ~~obtain electronic nicotine delivery systems only from a licensed manufacturer, importer, or~~
25 ~~distributor. A dealer may obtain electronic nicotine delivery systems only from a licensed~~
26 ~~distributor.~~

27 ~~(f)(1) No license under this chapter may be granted, maintained, or renewed if the~~
28 ~~applicant, or any combination of persons owning directly or indirectly any interests in the applicant:~~

29 ~~(i) Is delinquent in any tax filings for one month or more; or~~

30 ~~(ii) Had a license under this chapter revoked within the past two (2) years.~~

31 ~~(2) No person shall apply for a new license, or renewal of a license and no license shall be~~
32 ~~issued or renewed for any person, unless all outstanding fines, fees, or other charges relating to any~~
33 ~~license held by that person have been paid.~~

34 ~~(3) No license shall be issued relating to a business at any specific location until all prior~~

1 ~~licenses relating to that location have been officially terminated and all fines, fees, or charges~~
2 ~~relating to the prior licenses have been paid or otherwise resolved or if the director has found that~~
3 ~~the person applying for the new license is not acting as an agent for the prior licensee who is subject~~
4 ~~to any such related fines, fees, or charges that are still due. Evidence of such agency status includes,~~
5 ~~but is not limited to, a direct familial relationship and/or employment, contractual, or other formal~~
6 ~~financial or business relationship with the prior licensee.~~

7 ~~(4) No person shall apply for a new license pertaining to a specific location in order to~~
8 ~~evade payment of any fines, fees, or other charges relating to a prior license for that location.~~

9 ~~(5) No new license shall be issued for a business at a specific location for which a license~~
10 ~~has already issued unless there is a bona fide, good faith change in ownership of the business at~~
11 ~~that location.~~

12 ~~(6) No license or permit shall be issued, renewed or maintained for any person, including~~
13 ~~the owners of the business being licensed, who has been convicted of violating any criminal law~~
14 ~~relating to tobacco products and/or electronic nicotine delivery system products, the payment of~~
15 ~~taxes, or fraud, or has been ordered to pay civil fines of more than twenty five thousand dollars~~
16 ~~(\$25,000) for violations of any civil law relating to tobacco products and/or electronic nicotine-~~
17 ~~delivery system products, the payment of taxes, or fraud.~~

18 ~~**23-1-57. Penalties for unlicensed business.**~~

19 ~~Any distributor or dealer who sells, offers for sale, or possesses with intent to sell,~~
20 ~~electronic nicotine delivery system products without a license as provided in § 23-1-56, shall be~~
21 ~~fined in accordance with the provisions of, and the penalties contained in, § 23-1-58.~~

22 ~~**23-1-58. Penalty for operating without a dealer license.**~~

23 ~~(a) Any individual or business who violates this chapter by selling or conveying an~~
24 ~~electronic nicotine delivery system product without a retail license shall be cited for that violation~~
25 ~~and shall be required to appear in district court for a hearing on the citation.~~

26 ~~(b) Any individual or business cited for a violation hereunder shall:~~

27 ~~(1) Either post a five hundred dollar (\$500) bond with the district court within ten (10) days~~
28 ~~of the citation; or~~

29 ~~(2) Sign and accept the citation indicating a promise to appear in court.~~

30 ~~(c) An individual or business who or that has accepted the citation may:~~

31 ~~(1) Pay the five hundred dollar (\$500) fine, either by mail or in person, within ten (10) days~~
32 ~~after receiving the citation; or~~

33 ~~(2) If that individual or business has posted a bond, forfeit the bond by not appearing at the~~
34 ~~scheduled hearing. If the individual or business cited pays the five hundred dollar (\$500) fine or~~

1 ~~forfeits the bond, that individual or business is deemed to have admitted the cited violation and to~~
2 ~~have waived the right to a hearing on the issue of commission on the violation.~~

3 ~~(d) The court, after a hearing on a citation, shall make a determination as to whether a~~
4 ~~violation has been committed. If it is established that the violation did occur, the court shall impose~~
5 ~~a five hundred dollar (\$500) fine in addition to any court costs or fees.~~

6 SECTION 6. Section 23-3-25 of the General Laws in Chapter 23-3 entitled "Vital Records"
7 is hereby amended to read as follows:

8 **23-3-25. Fees for copies and searches**

9 (a) The state registrar shall charge fees for searches and copies as follows:

10 (1) For a search of two (2) consecutive calendar years under one name and for issuance of
11 a certified copy of a certificate of birth, fetal death, death, or marriage, or a certification of birth, or
12 a certification that the record cannot be found, and each duplicate copy of a certificate or
13 certification issued at the same time, the fee is as set forth in § 23-1-54.

14 (2) For each additional calendar year search, if applied for at the same time or within three
15 (3) months of the original request and if proof of payment for the basic search is submitted, the fee
16 is as set forth in § 23-1-54.

17 (3) For providing expedited service, the additional handling fee is as set forth in § 23-1-54.

18 (4) For processing of adoptions, legitimations, or paternity determinations as specified in
19 §§ 23-3-14 and 23-3-15, there shall be a fee as set forth in § 23-1-54.

20 (5) For making authorized corrections, alterations, and additions, the fee is as set forth in
21 § 23-1-54; provided, no fee shall be collected for making authorized corrections or alterations and
22 additions on records filed before one year of the date on which the event recorded has occurred.

23 (6) For examination of documentary proof and the filing of a delayed record, there is a fee
24 as set forth in § 23-1-54; and there is an additional fee as set forth in § 23-1-54 for the issuance of
25 a certified copy of a delayed record.

26 (b) Fees collected under this section by the state registrar shall be deposited in the general
27 fund of this state, according to the procedures established by the state treasurer.

28 (c) The local registrar shall charge fees for searches and copies of records as follows:

29 (1) For a search of two (2) consecutive calendar years under one name and for issuance of
30 a certified copy of a certificate of birth, fetal death, death, delayed birth, or marriage, or a
31 certification of birth or a certification that the record cannot be found, the fee is twenty dollars
32 (\$20.00). For each duplicate copy of a certificate or certification issued at the same time, the fee is
33 fifteen dollars (\$15.00).

34 (2) For each additional calendar year search, if applied for at the same time or within three

1 (3) months of the original request and if proof of payment for the basic search is submitted, the fee
2 is two dollars (\$2.00).

3 (d) Fees collected under this section by the local registrar shall be deposited in the city or
4 town treasury according to the procedures established by the city or town treasurer except that six
5 dollars (\$6.00) of the certified copy fees shall be submitted to the state registrar for deposit in the
6 general fund of this state.

7 (e) To acquire, maintain, and operate an electronic statewide registration system (ESRS),
8 the state registrar shall assess a surcharge of no more than five dollars (\$5.00) for a mail-in certified
9 records request, no more than three dollars (\$3.00) for each duplicate certified record, and no more
10 than two dollars (\$2.00) for a walk-in certified records request or a certified copy of a vital record
11 requested for a local registrar. Notwithstanding the provisions of subsection (d), any such
12 surcharges collected by the local registrar shall be submitted to the state registrar. Any funds
13 collected from the surcharges listed above shall be deposited ~~into the information technology~~
14 ~~restricted receipt account (ITRR account) established pursuant to § 42-11-2.5(a) as general~~
15 ~~revenues.~~

16 SECTION 7. Section 23-27.3-108.2 of the General Laws in Chapter 23-27.3 entitled "State
17 Building Code" is hereby amended to read as follows:

18 **23-27.3-108.2. State building commissioner's duties.**

19 (a) This code shall be enforced by the state building commissioner as to any structures or
20 buildings or parts thereof that are owned or are temporarily or permanently under the jurisdiction
21 of the state or any of its departments, commissions, agencies, or authorities established by an act
22 of the general assembly, and as to any structures or buildings or parts thereof that are built upon
23 any land owned by or under the jurisdiction of the state; provided, however, that for the purposes
24 of this section structures constituting tents and/or membrane frame structures as defined in this state
25 building code and any regulations promulgated hereunder shall be subject to an annual certification
26 process to be established by the state building commissioner in conjunction with the state fire
27 marshal and shall not be subject to recurring permit and fee requirements as otherwise required by
28 this code.

29 (b) Permit fees for the projects shall be established by the committee. The fees shall be
30 deposited as general revenues.

31 (c)(1) The local cities and towns shall charge each permit applicant an additional .1 (.001)
32 percent levy of the total construction cost for each permit issued. The levy shall be limited to a
33 maximum of fifty dollars (\$50.00) for each of the permits issued for one- and two-family (2)
34 dwellings. This additional levy shall be transmitted monthly to the state building office at the

1 department of business regulation, and shall be used to staff and support the purchase or lease and
2 operation of a web-accessible service and/or system to be utilized by the state and municipalities
3 for uniform, statewide electronic plan review, permit management, and inspection system and other
4 programs described in this chapter. The fee levy shall be deposited as general revenues.

5 (2) On or before July 1, 2013, the building commissioner shall develop a standard statewide
6 process for electronic plan review, permit management, and inspection. The process shall include,
7 but not be limited to: applications; submission of building plans and plans for developments and
8 plots; plan review; permitting; inspections; inspection scheduling; project tracking; fee calculation
9 and collections; and workflow and report management.

10 (3) On or before December 1, 2013, the building commissioner, with the assistance of the
11 office of regulatory reform, shall implement the standard statewide process for electronic plan
12 review, permit management, and inspection. In addition, the building commissioner shall develop
13 a technology and implementation plan for a standard web-accessible service or system to be utilized
14 by the state and municipalities for uniform, statewide electronic plan review, permit management,
15 and inspection. The plan shall include, but not be limited to: applications; submission of building
16 plans and plans for developments and plots; plan review; permitting; inspections; inspection
17 scheduling; project tracking; fee calculation and collections; and workflow and report management.

18 (d) The building commissioner shall, upon request by any state contractor described in §
19 37-2-38.1, review, and when all conditions for certification have been met, certify to the state
20 controller that the payment conditions contained in § 37-2-38.1 have been met.

21 (e) The building commissioner shall coordinate the development and implementation of
22 this section with the state fire marshal to assist with the implementation of § 23-28.2-6. On or before
23 January 1, 2022, the building commissioner shall promulgate rules and regulations to implement
24 the provisions of this section and § 23-27.3-115.6.

25 (f) The building commissioner shall submit, in coordination with the state fire marshal, a
26 report to the governor and general assembly on or before April 1, 2013, and each April 1 thereafter,
27 providing the status of the web-accessible service and/or system implementation and any
28 recommendations for process or system improvement. In every report submitted on or after April,
29 2024, the building commissioner shall provide the following information:

30 (1) The identity of every municipality in full compliance with the provisions § 23-27.3-
31 115.6 and the rules and regulations promulgated pursuant to the provisions of this section;

32 (2) The identity of every municipality failing to fully implement and comply with the
33 provisions of § 23-27.3-115.6 and/or the rules and regulations promulgated pursuant to the
34 provisions of this section, and the nature, extent, and basis or reason for the failure or

1 noncompliance; and

2 (3) Recommendations to achieve compliance by all municipalities with the provisions of §
3 23-27.3-115.6 and the rules and regulations promulgated pursuant to this section.

4 (g) The building commissioner shall assist with facilitating the goals and objectives set
5 forth in § 28-42-84(a)(9).

6 SECTION 8. Section 23-28.19-1 of the General Laws in Chapter 23-28.19 entitled "Tents
7 — Grandstands — Air-Supported Structures" is hereby amended to read as follows:

8 **23-28.19-1. Tents for which license required — Application and issuance.**

9 (a) No tent exceeding three hundred fifty square feet (350 sq. ft.) in area shall be erected,
10 maintained, operated, or used in any city or town in this state except under a license from the
11 licensing authorities of the city or town; provided, however, that for tent installations on state
12 property or in jurisdictions otherwise subject to the authority of the state fire marshal, structures
13 constituting tents and/or membrane frame structures as defined in the state building code and any
14 regulations promulgated thereunder, shall be subject to an annual certification process to be
15 established by the state building commissioner in conjunction with the state fire marshal pursuant
16 to § 23-27.3-108.2 and shall not be subject to recurring permit and fee requirements as otherwise
17 required by the code. The license shall not be issued for a period exceeding thirty (30) days and
18 shall be revocable for cause. Application shall be made on proper form and, when deemed
19 necessary by the licensing authorities, shall include plans drawn to scale, showing exits, aisles, and
20 seating arrangements and details of the structural support of tent, seats, and platforms, etc. No
21 license shall be issued until the provisions of this chapter have been complied with, and approval
22 has been obtained from the building department, the police department, the fire department, and,
23 when tents are to be used for fifty (50) or more persons, from each and every department having
24 jurisdiction over places of assembly.

25 (b) For the purposes of this section, the fire marshal shall have no jurisdiction over tents
26 on the property of one-(1) or two-(2) family private dwellings. Nothing contained in this section
27 shall prohibit the fire marshal from requiring a license for a tent smaller than three hundred fifty
28 square feet (350 sq. ft.) where other sections of the fire code deem it necessary, including, but not
29 limited to, use, occupancy, opening, exposure, an increase in occupancy of a commercial
30 establishment, and any other similar factors.

31 (c) The state fire marshal shall provide training to all assistant deputy fire marshals as
32 defined by § 23-28.2-9 as soon as practicable to ensure the consistent enforcement of the fire safety
33 code pursuant to § 23-28.2-4.

34 SECTION 9. Section 44-1-34 of the General Laws in Chapter 44-1 entitled "State Tax

1 Officials" is hereby amended to read as follows:

2 **44-1-34. Tax administrator to prepare list of delinquent taxpayers — Notice — Public**
3 **inspection.**

4 (a) Notwithstanding any other provision of law, the tax administrator may, on a quarterly
5 basis,

6 (1) Prepare a list of the ~~one hundred (100)~~ delinquent taxpayers under chapter 44-30 who
7 owe ~~the largest amount~~ at least fifty thousand dollars (\$50,000) of state tax and whose taxes have
8 been unpaid for a period in excess of ninety (90) days following the date their tax was due.

9 (2) Prepare a list of the ~~one hundred (100)~~ delinquent taxpayers collectively under chapters
10 44-11, 44-12, 44-13, 44-14, 44-15, 44-17, 44-18, and 44-20, who owe ~~the largest amount~~ at least
11 fifty thousand dollars (\$50,000) of state tax and whose taxes have been unpaid for a period in excess
12 of ninety (90) days following the date their tax was due.

13 (3) Each list may contain the name and address of each delinquent taxpayer, the type of tax
14 levied, and the amount of the delinquency, including interest and penalty, as of the end of the
15 quarter. No taxpayer shall be included on such list if the tax assessment in question is the subject
16 of an appeal.

17 (b) The tax administrator shall not list any delinquent taxpayer until such time as he or she
18 gives the delinquent taxpayer thirty (30) days' notice of intent to publish the taxpayer's
19 delinquency. Said notice shall be sent to the taxpayer's last known address by regular and certified
20 mail. If during said thirty (30) day period the taxpayer makes satisfactory arrangement for payment
21 of the delinquent tax, the name of such taxpayer shall not be published as long as the taxpayer does
22 not default on any payment agreement entered into with the division of taxation.

23 (c) Any such list prepared by the tax division shall be available to the public for inspection
24 by any person and may be published by the tax administrator on the tax division website.

25 SECTION 10. Section 44-5.3-2 of the General Laws in Chapter 44-5.3 entitled "Statewide
26 Tangible Property Tax Exemption" is hereby amended to read as follows:

27 **44-5.3-2. Reimbursement of lost tax revenue.**

28 (a) Beginning in fiscal year 2025 and for each fiscal year thereafter, cities, towns, and fire
29 districts shall receive reimbursements, as set forth in this section, from state general revenues for
30 lost tax revenues due to the reduction of the tangible property tax resulting from the statewide
31 exemption set forth in § 44-5.3-1.

32 (b) Beginning in fiscal year 2025, and for each fiscal year thereafter, cities, towns, and fire
33 districts shall receive a reimbursement equal to the ~~tangible property levy for the assessment date~~
34 ~~of December 31, 2022, minus the tangible personal property levy for the assessment date of~~

1 ~~December 31, 2023~~ tangible property tax revenues lost for the assessment date of December 31,
2 2023 due to application of the statewide exemption amount set forth in § 44-5.3-1, which shall be
3 calculated by dividing the tangible personal property assessment for the assessment date of
4 December 21, 2023 lost due to the statewide exemption amount set forth in § 44-5.3-1 by one
5 thousand (1000) multiplied by the tangible personal property tax rate for the assessment date of
6 December 31, 2023. If such lost assessment is unknown, cities, towns, and fire districts shall utilize
7 internal policies and procedures in place as of December 31, 2022 to estimate the lost assessment.

8 (c) Reimbursements shall be distributed in full to cities, towns, and fire districts on
9 September 30, 2024, and every September 30 thereafter; provided, however, that reimbursement
10 shall not be provided to any city, town, or fire district in any year in which it has failed to provide
11 to the division of municipal finance its certified tax roll in accordance with § 44-5-22 or any other
12 information required by the division of municipal finance to calculate the reimbursement amount.

13 The division of municipal finance may rely solely upon such information provided to it in
14 any year when calculating the reimbursement amount but may, although shall not be required to,
15 also audit such information.

16 SECTION 11. Sections 44-11-2.3, 44-11-4.1 and 44-11-11 of the General Laws in Chapter
17 44-11 entitled "Business Corporation Tax" are hereby amended to read as follows:

18 **44-11-2.3. Pass-through entities — Election to pay state income tax at the entity level.**

19 (a) Definitions. As used in this section:

20 (1) "Election" means the annual election to be made by the pass-through entity by filing
21 the prescribed tax form and remitting the appropriate tax.

22 (2) "Net income" means the net ordinary income, net rental real estate income, other net
23 rental income, guaranteed payments, and other business income less specially allocated
24 depreciation and deductions allowed pursuant to § 179 of the United States Revenue Code (26
25 U.S.C. § 179), all of which would be reported on federal tax form schedules C and E. Net income
26 for purposes of this section does not include specially allocated investment income or any other
27 types of deductions.

28 (3) "Owner" means an individual who is a shareholder of an S Corporation; a partner in a
29 general partnership, a limited partnership, or a limited liability partnership; a member of a limited
30 liability company, a beneficiary of a trust; or a sole proprietor.

31 (4) "Pass-through entity" means a corporation that for the applicable tax year is treated as
32 an S Corporation under I.R.C. 1362(a) (26 U.S.C. § 1362(a)), or a general partnership, limited
33 partnership, limited liability partnership, trust, limited liability company or unincorporated sole
34 proprietorship that for the applicable tax year is not taxed as a corporation for federal tax purposes

1 under the state's regulations.

2 (5) "State tax credit" means the amount of tax paid by the pass-through entity at the entity
3 level that is passed through to an owner on a pro rata basis. For tax years beginning on or after
4 January 1, 2025, "state tax credit" means ninety percent (90%) of the amount of tax paid by the
5 pass-through entity at the entity level that is passed through to an owner on a pro rata basis.

6 (b) Elections.

7 (1) For tax years beginning on or after January 1, 2019, a pass-through entity may elect to
8 pay the state tax at the entity level at the rate of five and ninety-nine hundredths percent (5.99%).

9 (2) If a pass-through entity elects to pay an entity tax under this subsection, the entity shall
10 not have to comply with the provisions of § 44-11-2.2 regarding withholding on non-resident
11 owners. In that instance, the entity shall not have to comply with the provisions of § 44-11-2.2
12 regarding withholding on non-resident owners.

13 (c) Reporting.

14 (1) The pass-through entity shall report the pro rata share of the state income taxes paid by
15 the entity which sums will be allowed as a state tax credit for an owner on his or her personal
16 income tax return.

17 (2) The pass-through entity shall also report the pro rata share of the state income taxes
18 paid by the entity as an income (addition) modification to be reported by an owner on his or her
19 personal income tax returns.

20 (d) State tax credit shall be the amount of tax paid by the pass-through entity, at the entity
21 level, which is passed through to the owners, on a pro rata basis. For tax years beginning on or after
22 January 1, 2025, the state tax credit shall be ninety percent (90%) of the amount of tax paid by the
23 pass-through entity, at the entity level, which is passed through to the owners, on a pro rata basis.

24 (e) A similar type of tax imposed by another state on the owners' income paid at the state
25 entity level shall be deemed to be allowed as a credit for taxes paid to another jurisdiction in
26 accordance with the provisions of § 44-30-18.

27 (f) "Combined reporting" as set forth in § 44-11-4.1 shall not apply to reporting under this
28 section.

29 **44-11-4.1. Combined reporting.**

30 (a) For tax years beginning on or after January 1, 2015, each C corporation which is part
31 of an unitary business with one or more other corporations must file a return, in a manner prescribed
32 by the tax administrator, for the combined group containing the combined income, determined
33 under this section, of the combined group.

34 (b) An affiliated group of C corporations, as defined in section 1504 of the Internal Revenue

1 Code, may elect to be treated as a combined group with respect to the combined reporting
2 requirement imposed by § 44-11-4.1(a) for the taxable year in lieu of an unitary business group.
3 The election shall be upon the condition that all C corporations which at any time during the taxable
4 year have been members of the affiliated group consent to be included in such group. The filing of
5 a consolidated return for the combined group shall be considered as such consent. Such election
6 may not be revoked in less than five (5) years unless approved by the tax administrator.

7 (c) The use of a combined report does not disregard the separate identities of the taxpayer
8 members of the combined group. Each taxpayer member is responsible for tax based on its taxable
9 income or loss apportioned to this state.

10 (d) Members of a combined group shall exclude as a member and disregard the income and
11 apportionment factors of any corporation not incorporated in the United States (a “non US
12 corporation”) if the sales factors outside the United States is eighty percent (80%) or more. If a non
13 US corporation is includible as a member in the combined group, to the extent that such non US
14 corporation’s income is subject to the provisions of a federal income tax treaty, such income is not
15 includible in the combined group net income. Such member shall also not include in the combined
16 report any expenses or apportionment factors attributable to income that is subject to the provisions
17 of a federal income tax treaty. For purposes of this chapter, “federal income tax treaty” means a
18 comprehensive income tax treaty between the United States and a foreign jurisdiction, other than a
19 foreign jurisdiction which is defined as a tax haven; provided, however, that if the tax administrator
20 determines that a combined group member non US corporation is organized in a tax haven that has
21 a federal income treaty with the United States, its income subject to a federal income tax treaty,
22 and any expenses or apportionment factors attributable to such income, shall not be included in the
23 combined group net income or combined report if: (i) the transactions conducted between such non
24 US corporation and other members of the combined group are done on an arm’s length basis and
25 not with the principal purpose to avoid the payment of taxes due under this chapter; or (ii) the
26 member establishes that the inclusion of such net income in combined group net income is
27 unreasonable.

28 (e) Net operating losses. A tracing protocol shall apply to net operating losses created
29 before January 1, 2015. Such net operating losses shall be allowed to offset only the income of the
30 corporation that created the net operating loss; the net operating loss cannot be shared with other
31 members of the combined group. No deduction is allowable for a net operating loss sustained
32 during any taxable year in which a taxpayer was not subject to Rhode Island business corporation
33 tax. For net operating losses created in tax years beginning on or after January 1, 2015 such loss
34 allowed shall be the same as the net operating loss deduction allowed under section 172 of the

1 internal revenue code for the combined group, except that:

2 (1) Any net operating loss included in determining the deduction shall be adjusted to reflect
3 the inclusions and exclusions from entire net income required by § 44-11-11 (a) and § 44-11-11.1;

4 (2) The deduction shall not include any net operating loss sustained during any taxable year
5 in which the member was not subject to the tax imposed by this chapter; and

6 (3) Limitation on 26 U.S.C. § 172 deduction.

7 (i) The deduction shall not exceed the deduction for the taxable year allowable under
8 section 172 of the internal revenue code; provided, that the deduction for a taxable year may not be
9 carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a
10 carry forward basis for the five (5) succeeding taxable years; and

11 (ii) For any taxable year beginning on or after January 1, 2025, the deduction shall not
12 exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided that, the
13 deduction for a taxable year may not be carried back to any other taxable year for Rhode Island
14 purposes, but shall only be allowable on a carry forward basis for the twenty (20) succeeding
15 taxable years.

16 (f) Tax credits and tax rate reduction.

17 (1) A tracing protocol shall apply to Rhode Island tax credits earned before tax years
18 beginning on or before January 1, 2015. Such Rhode Island tax credits shall be allowed to offset
19 only the tax liability of the corporation that earned the credits; the Rhode Island tax credits cannot
20 be shared with other members of the combined group. Rhode Island tax credits earned in tax years
21 beginning on or after January 1, 2015, may be applied to other members of the group.

22 (2) The tax rate reductions authorized under chapter 64.5 of title 42 (Jobs Development
23 Act) and chapter 64.14 of title 42 (I-195 Redevelopment Act of 2011) shall be allowed against the
24 net income of the entire combined group.

25 (g) The tax administrator shall prescribe and amend, from time to time, rules and
26 regulations as he or she may deem necessary in order that the tax liability of any group of
27 corporations filing as a combined group and each corporation in the combined group, liable to
28 taxation under this chapter, may be determined, computed, assessed, collected, and adjusted in a
29 manner as to clearly reflect the combined income of the combined group and the individual income
30 of each member of the combined group. Such rules and regulations, shall include but are not be
31 limited to, issues such as the inclusion or exclusion of a corporation in the combined group, the
32 characterization and sourcing of each member's income, and whether certain common activities
33 constitute the conduct of a unitary business.

34 (h) The tax administrator shall on or before March 15, 2018, based upon the actual tax

1 filings of companies under this act for a two year period, submit a report to the chairperson of the
2 house finance committee and the senate finance committee and the house fiscal advisor and the
3 senate fiscal advisor analyzing the policy and fiscal ramifications of the changes enacted to business
4 corporations tax statutes, as enacted in budget article 12 of the Fiscal Year 2015 appropriations act.
5 The report shall include but not be limited to the impact upon categories of business, size of
6 business and similar information as contained in § 44-11-45 [repealed], which required the original
7 report.

8 **44-11-11. “Net income” defined.**

9 (a)(1) “Net income” means, for any taxable year and for any corporate taxpayer, the taxable
10 income of the taxpayer for that taxable year under the laws of the United States, plus:

11 (i) Any interest not included in the taxable income;

12 (ii) Any specific exemptions;

13 (iii) The tax imposed by this chapter;

14 (iv) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck
15 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus
16 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or
17 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount
18 of the loan forgiven exceeds \$250,000; and minus:

19 (v) Interest on obligations of the United States or its possessions, and other interest exempt
20 from taxation by this state; ~~and~~

21 (vi) The federal net operating loss deduction; ~~and~~

22 (vii) For any taxable year beginning on or after January 1, 2025, in the case of a taxpayer
23 that is licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any
24 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under
25 26 U.S.C. § 280E.

26 (2) All binding federal elections made by or on behalf of the taxpayer applicable either
27 directly or indirectly to the determination of taxable income shall be binding on the taxpayer except
28 where this chapter or its attendant regulations specifically modify or provide otherwise. Rhode
29 Island taxable income shall not include the “gross-up of dividends” required by the federal Internal
30 Revenue Code to be taken into taxable income in connection with the taxpayer’s election of the
31 foreign tax credit.

32 (b) A net operating loss deduction shall be allowed, which shall be the same as the net
33 operating loss deduction allowed under 26 U.S.C. § 172, except that:

34 (1) Any net operating loss included in determining the deduction shall be adjusted to reflect

1 the inclusions and exclusions from entire net income required by subsection (a) of this section and
2 § 44-11-11.1;

3 (2) The deduction shall not include any net operating loss sustained during any taxable year
4 in which the taxpayer was not subject to the tax imposed by this chapter; and

5 (3) Limitation on 26 U.S.C. § 172 deduction.

6 (i) The deduction shall not exceed the deduction for the taxable year allowable under 26
7 U.S.C. § 172; provided, that the deduction for a taxable year may not be carried back to any other
8 taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the
9 five (5) succeeding taxable years. and

10 (ii) For any taxable year beginning on or after January 1, 2025, the deduction shall not
11 exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided that, the
12 deduction for a taxable year may not be carried back to any other taxable year for Rhode Island
13 purposes, but shall only be allowable on a carry forward basis for the twenty (20) succeeding
14 taxable years.

15 (c) “Domestic international sales corporations” (referred to as DISCs), for the purposes of
16 this chapter, will be treated as they are under federal income tax law and shall not pay the amount
17 of the tax computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in
18 the same manner as it is treated under federal income tax law as it exists on December 31, 1984.

19 (d) A corporation that qualifies as a “foreign sales corporation” (FSC) under the provisions
20 of subchapter N, 26 U.S.C. § 861 et seq., and that has in effect for the entire taxable year a valid
21 election under federal law to be treated as a FSC, shall not pay the amount of the tax computed
22 under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same manner as it
23 is treated under federal income tax law as it exists on January 1, 1985.

24 (e) For purposes of a corporation’s state tax liability, any deduction to income allowable
25 under 26 U.S.C. § 1400Z-2(c) may be claimed in the case of any investment held by the taxpayer
26 for at least seven years. The division of taxation shall promulgate, in its discretion, rules and
27 regulations relative to the accelerated application of deductions under 26 U.S.C. § 1400Z-2(c).

28 SECTION 12. Section 44-18-30.1 of the General Laws in Chapter 44-18 entitled "Sales
29 and Use Taxes — Liability and Computation" is hereby amended to read as follows:

30 ~~44-18-30.1. Application for certificate of exemption — Fees. Application for~~
31 ~~certificate of exemption.~~

32 ~~A fee of twenty five dollars (\$25.00) shall be paid by all~~ All organizations ~~applying for~~
33 ~~seeking a certificate of~~ exemption from the Rhode Island sales and use tax under § 44-18-30(5)(i)
34 shall apply for a certificate of exemption on forms prescribed by the tax administrator. The

1 certificate of exemption shall be valid for four (4) years from the date of issue. ~~All fees collected~~
2 ~~under this section shall be allocated to the tax administrator for enforcement and collection of all~~
3 ~~taxes. All certificates issued prior to the effective date of this section shall expire four (4) years~~
4 ~~from the effective date of this section.~~

5 SECTION 13. Sections 44-20-12 and 44-20-13 of the General Laws in Chapter 44-20
6 entitled "Cigarette and Other Tobacco Products Tax" are hereby amended to read as follows:

7 **44-20-12. Tax imposed on cigarettes sold.**

8 A tax is imposed on all cigarettes sold or held for sale in the state. The payment of the tax
9 to be evidenced by stamps, which may be affixed only by licensed distributors to the packages
10 containing such cigarettes. Any cigarettes on which the proper amount of tax provided for in this
11 chapter has been paid, payment being evidenced by the stamp, is not subject to a further tax under
12 this chapter. The tax is at the rate of ~~two hundred twelve and one half (212.5)~~ two hundred twenty-
13 five (225) mills for each cigarette.

14 **44-20-13. Tax imposed on unstamped cigarettes.**

15 A tax is imposed at the rate of ~~two hundred twelve and one half (212.5)~~ two hundred
16 twenty-five (225) mills for each cigarette upon the storage or use within this state of any cigarettes
17 not stamped in accordance with the provisions of this chapter in the possession of any consumer
18 within this state.

19 SECTION 14. Chapter 44-20 of the General Laws entitled "Cigarette and Other Tobacco
20 Products Tax" is hereby amended by adding thereto the following section:

21 **44-20-12.7. Floor stock tax on cigarettes and stamps.**

22 (a) Each person engaging in the business of selling cigarettes at retail in this state shall pay
23 a tax or excise to the state for the privilege of engaging in that business during any part of the
24 calendar year 2024. In calendar year 2024, the tax shall be measured by the number of cigarettes
25 held by the person in this state at 12:01 a.m. on September 1, 2024, and is computed at the rate of
26 twelve and one-half (12.5) mills for each cigarette on September 1, 2024.

27 (b) Each distributor licensed to do business in this state pursuant to this chapter shall pay a
28 tax or excise to the state for the privilege of engaging in that business during any part of the calendar
29 year 2024. The tax is measured by the number of stamps, whether affixed or to be affixed to
30 packages of cigarettes, as required by § 44-20-28. In calendar year 2024 the tax is measured by the
31 number of stamps, whether affixed or to be affixed, held by the distributor at 12:01 a.m. on
32 September 1, 2024, and is computed at the rate of twelve and one-half (12.5) mills per cigarette in
33 the package to which the stamps are affixed or to be affixed.

34 (c) Each person subject to the payment of the tax imposed by this section shall, on or before

1 [September 16, 2024, file a return, under oath or certified under the penalties of perjury, with the](#)
2 [tax administrator on forms furnished by the tax administrator, showing the amount of cigarettes](#)
3 [and the number of stamps in that person's possession in this state at 12:01 a.m. on September 1,](#)
4 [2024, as described in this section above, and the amount of tax due, and shall at the time of filing](#)
5 [the return pay the tax to the tax administrator. Failure to obtain forms shall not be an excuse for the](#)
6 [failure to make a return containing the information required by the tax administrator.](#)

7 [\(d\) The tax administrator may prescribe rules and regulations, not inconsistent with law,](#)
8 [regarding the assessment and collection of the tax imposed by this section.](#)

9 SECTION 15. The title of Chapter 44-20 of the General Laws entitled "Cigarette and Other
10 Tobacco Products Tax" is hereby amended to read as follows:

11 ~~CHAPTER 44-20~~

12 ~~Cigarette and Other Tobacco Products Tax~~

13 CHAPTER 44-20

14 CIGARETTE, OTHER TOBACCO PRODUCTS, AND ELECTRONIC NICOTINE-

15 DELIVERY SYSTEM PRODUCTS

16 SECTION 16. Sections 44-20-1, 44-20-2, 44-20-3, 44-20-4, 44-20-4.1, 44-20-5, 44-20-
17 8.2, 44-20-13.2, 44-20-15, 44-20-33, 44-20-35, 44-20-40, 44-20-40.1, 44-20-43, 44-20-45, 44-20-
18 47 and 44-20-51.1 of the General Laws in Chapter 44-20 entitled "Cigarette and Other Tobacco
19 Products Tax" are hereby amended to read as follows:

20 **44-20-1. Definitions.**

21 Whenever used in this chapter, unless the context requires otherwise:

22 (1) "Administrator" means the tax administrator;

23 (2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form,
24 ["heat not burn products,"](#) and each sheet of cigarette rolling paper, including but not limited to,
25 paper made into a hollow cylinder or cone, made with paper or any other material, with or without
26 a filter suitable for use in making cigarettes;

27 (3) "Dealer" means any person whether located within or outside of this state, who sells or
28 distributes cigarettes and/or other tobacco products [and/or electronic nicotine-delivery system](#)
29 [products to](#) a consumer in this state;

30 (4) "Distributor" means any person:

31 (A) Whether located within or outside of this state, other than a dealer, who sells or
32 distributes cigarettes and/or other tobacco products [and/or electronic nicotine-delivery system](#)
33 [products](#) within or into this state. Such term shall not include any cigarette or other tobacco product
34 manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. § 5712,

1 if such person sells or distributes cigarettes and/or other tobacco products and/or electronic
2 nicotine-delivery system products in this state only to licensed distributors, or to an export
3 warehouse proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

4 (B) Selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery
5 system products directly to ~~consumers~~ purchasers in this state by means of at least twenty-five (25)
6 vending machines;

7 (C) Engaged in this state in the business of manufacturing cigarettes and/or other tobacco
8 products and/or electronic nicotine-delivery system products or any person engaged in the business
9 of selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
10 products to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five
11 percent (75%) of all cigarettes and/or other tobacco products and/or electronic nicotine-delivery
12 system products sold by that person in this state are sold to dealers or other persons for resale and
13 selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products
14 directly to at least forty (40) dealers or other persons for resale; or

15 (D) Maintaining one or more regular places of business in this state for that purpose;
16 provided, that seventy-five percent (75%) of the sold cigarettes and/or other tobacco products
17 and/or electronic nicotine-delivery system products are purchased directly from the manufacturer
18 and selling cigarettes and/or other tobacco products and/or electronic nicotine-delivery system
19 products directly to at least forty (40) dealers or other persons for resale;

20 (5) “E-liquid” and “e-liquid products” mean any liquid or substance placed in or sold for
21 use in an electronic nicotine-delivery system which generally utilizes a heating element that
22 aerosolizes, vaporizes or combusts a liquid or other substance containing nicotine or nicotine
23 derivative:

24 (a) Whether the liquid or substance contains nicotine or a nicotine derivative; or,

25 (b) Whether sold separately or sold in combination with a personal vaporizer, electronic
26 nicotine-delivery system, or an electronic inhaler.

27 (6) “Electronic nicotine-delivery system” means an electronic device that may be used to
28 simulate smoking in the delivery of nicotine or other substance to a person inhaling from the device,
29 and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic cigarillo,
30 electronic little cigars, electronic pipe, electronic hookah, e-liquids, e-liquid products, or any related
31 device and any cartridge or other component of such device.

32 (7) “Electronic nicotine-delivery system products” means any combination of electronic
33 nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid
34 container. Electronic nicotine-delivery system products shall include hemp-derived consumable

1 [CBD products as defined in § 2-26-3.](#)

2 ~~(5)~~(8) “Importer” means any person who imports into the United States, either directly or
3 indirectly, a finished cigarette or other tobacco product [and/or electronic nicotine-delivery system](#)
4 [product](#) for sale or distribution;

5 ~~(6)~~(9) “Licensed,” when used with reference to a manufacturer, importer, distributor or
6 dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
7 the type of business being engaged in. When the term “licensed” is used before a list of entities,
8 such as “licensed manufacturer, importer, wholesale dealer, or retailer dealer,” such term shall be
9 deemed to apply to each entity in such list;

10 ~~(7)~~(10) “Manufacturer” means any person who manufactures, fabricates, assembles,
11 processes, or labels a finished cigarette and/or other tobacco products [and/or electronic nicotine-](#)
12 [delivery system products](#);

13 ~~(8)~~(11) “Other tobacco products” (OTP) means any cigars (excluding Little Cigars, as
14 defined in § 44-20.2-1, which are subject to cigarette tax), cheroots, stogies, smoking tobacco
15 (including granulated, plug cut, crimp cut, ready rubbed and any other kinds and forms of tobacco
16 suitable for smoking in a pipe or otherwise), chewing tobacco (including Cavendish, twist, plug,
17 scrap and any other kinds and forms of tobacco suitable for chewing), any and all forms of hookah,
18 shisha and “mu’assel” tobacco, snuff, and shall include any other articles or products made of or
19 containing tobacco, in whole or in part, or any tobacco substitute, except cigarettes;

20 ~~(9)~~(12) “Person” means any individual, including an employee or agent, firm, fiduciary,
21 partnership, corporation, trust, or association, however formed;

22 ~~(10)~~(13) “Pipe” means an apparatus made of any material used to burn or vaporize products
23 so that the smoke or vapors can be inhaled or ingested by the user;

24 ~~(11)~~(14) “Place of business” means any location where cigarettes and/or other tobacco
25 products [and/or electronic nicotine-delivery system products](#) are sold, stored, or kept, including,
26 but not limited to; any storage room, attic, basement, garage or other facility immediately adjacent
27 to the location. It also includes any receptacle, hide, vessel, vehicle, airplane, train, or vending
28 machine;

29 ~~(12)~~(15) “Sale” or “sell” means gifts, exchanges, and barter of cigarettes and/or other
30 tobacco products [and/or electronic nicotine-delivery system products](#). The act of holding, storing,
31 or keeping cigarettes and/or other tobacco products [and/or electronic nicotine-delivery system](#)
32 [products](#) at a place of business for any purpose shall be presumed to be holding the cigarettes and/or
33 other tobacco products [and/or electronic nicotine-delivery system products](#) for sale. Furthermore,
34 any sale of cigarettes and/or other tobacco products [and/or electronic nicotine-delivery system](#)

1 [products](#) by the servants, employees, or agents of the licensed dealer during business hours at the
2 place of business shall be presumed to be a sale by the licensee;

3 ~~(13)~~(16) “Stamp” means the impression, device, stamp, label, or print manufactured,
4 printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as
5 evidence of the payment of the tax provided by this chapter or to indicate that the cigarettes are
6 intended for a sale or distribution in this state that is exempt from state tax under the provisions of
7 state law; and also includes impressions made by metering machines authorized to be used under
8 the provisions of this chapter.

9 ~~44-20-2. **Importer, distributor, and dealer licenses required — Licenses required.**~~
10 **Manufacturer, importer, distributor, and dealer licenses required — Licenses required.**

11 [\(a\) Each manufacturer engaging in the business of selling any cigarette and/or any tobacco](#)
12 [products, except for cigars, and/or electronic nicotine-delivery system products in this state shall](#)
13 [secure a license, unless otherwise prohibited by federal law, from the administrator before engaging](#)
14 [in that business, or continuing to engage in it.](#)

15 [\(b\) Each person engaging in the business of selling cigarette and/or any tobacco products](#)
16 [and/or any electronic nicotine-delivery system products](#) in this state, including any [manufacturer,](#)
17 [importer,](#) distributor or dealer, shall secure a license from the administrator before engaging in that
18 business, or continuing to engage in it. A separate application and license is required for each place
19 of business operated by a distributor, [manufacturer, importer,](#) or dealer; provided, that an operator
20 of vending machines for cigarette products is not required to obtain a distributor’s license for each
21 machine. If the applicant for a license does not have a place of business in this state, the license
22 shall be issued for such applicant’s principal place of business, wherever located. A licensee shall
23 notify the administrator within thirty (30) days in the event that it changes its principal place of
24 business. A separate license is required for each class of business if the applicant is engaged in
25 more than one of the activities required to be licensed by this section. No person shall maintain or
26 operate or cause to be operated a vending machine for cigarette products without procuring a
27 dealer’s license for each machine.

28 [\(c\) Effective January 1, 2025, the administrator shall implement a single license and](#)
29 [renewal application that allows for the licensure of retailers/dealers of cigarettes and/or any tobacco](#)
30 [products and/or any electronic nicotine-delivery system products and a separate single license and](#)
31 [renewal application that allows for the licensure of distributors, manufacturers, and importers of](#)
32 [cigarettes and/or any tobacco products and/or any electronic nicotine-delivery system products.](#)

33 [\(d\) Immediately following the enactment of this chapter, any electronic nicotine-delivery](#)
34 [system products distributor or dealer, licensed in good-standing by the department of health](#)

1 [pursuant to chapter 1 of title 23, shall be considered licensed for purposes of compliance with this](#)
2 [chapter until the renewal date for such license pursuant to chapter 20 of title 44 occurs; thereafter,](#)
3 [such distributors and dealers shall be required to comply with the license requirements in this](#)
4 [chapter.](#)

5 **44-20-3. Penalties for unlicensed business.**

6 Any [manufacturer, importer,](#) distributor or dealer who sells, offers for sale, or possesses
7 with intent to sell, cigarettes and/or any other tobacco products [and/or any electronic nicotine](#)
8 [delivery system products,](#) without a license as provided in § 44-20-2, shall be guilty of a
9 misdemeanor, and shall be fined not more than ten thousand dollars (\$10,000) for each offense, or
10 be imprisoned for a term not to exceed one (1) year, or be punished by both a fine and
11 imprisonment.

12 **44-20-4. Application for license — Display.**

13 All licenses are issued by the tax administrator upon approval of application, stating, on
14 forms prescribed by the tax administrator, the information he or she may require for the proper
15 administration of this chapter. Each application for ~~an~~ [a manufacturer's,](#) importer's, or distributor's
16 license shall be accompanied by ~~a~~ [an application](#) fee of one thousand dollars (\$1,000); provided,
17 that for a distributor who does not affix stamps, the [application](#) fee shall be one hundred dollars
18 (\$100); each application for a dealer's license shall be accompanied by ~~a fee~~ [an application fee](#) of
19 twenty-five dollars (\$25.00). Each issued license shall be prominently displayed on the premises
20 within this state, if any, covered by the license. In the instance of an application for a distributor's
21 license, the administrator shall require, in addition to other information as may be deemed
22 necessary, the filing of affidavits from three (3) cigarette manufacturers with national distribution
23 stating that the manufacturer will supply the distributor if the applicant is granted a license.

24 **44-20-4.1. License availability.**

25 (a) No license under this chapter may be granted, maintained or renewed if the applicant,
26 or any combination of persons owning directly or indirectly any interests in the applicant:

27 (1) Owes five hundred dollars (\$500) or more in delinquent taxes;

28 (2) Is delinquent in any tax filings for one month or more;

29 (3) Had a license under this chapter revoked by the administrator within the past two (2)
30 years;

31 (4) Has been convicted of a crime relating to cigarettes and/or other tobacco products
32 [and/or any electronic nicotine-delivery system products;](#)

33 (5) Is a cigarette manufacturer or importer that is neither: (i) A participating manufacturer
34 as defined in subsection II (jj) of the "Master Settlement Agreement" as defined in § 23-71-2; nor

1 (ii) In full compliance with chapter 20.2 of this title and § 23-71-3;

2 (6) Has imported, or caused to be imported, into the United States any cigarette and/or
3 other tobacco product and/or electronic nicotine-delivery system products in violation of 19 U.S.C.
4 § 1681a or any other state or federal law; or

5 (7) Has imported, or caused to be imported into the United States, or manufactured for sale
6 or distribution in the United States any cigarette that does not fully comply with the Federal
7 Cigarette Labeling and Advertising Act (15 U.S.C. § 1331 et seq.).

8 (b)(1) No person shall apply for a new license or permit (as defined in § 44-19-1) or renewal
9 of a license or permit, and no license or permit shall be issued or renewed for any applicant, or any
10 combination of persons owning directly or indirectly any interests in the applicant, unless all
11 outstanding fines, fees, or other charges relating to any license or permit held by the applicant, or
12 any combination of persons owning directly or indirectly any interests in the applicant, as well as
13 any other tax obligations of the applicant, or any combination of persons owning directly or
14 indirectly any interests in the applicant have been paid.

15 (2) No license or permit shall be issued relating to a business until all prior licenses or
16 permits relating to that business or to that location have been officially terminated and all fines,
17 fees, or charges relating to the prior license or permit have been paid or otherwise resolved or the
18 administrator has found that the person applying for the new license or permit is not acting as an
19 agent for the prior licensee or permit holder who is subject to any such related fines, fees or charges
20 that are still due. Evidence of such agency status includes, but is not limited to, a direct familial
21 relationship and/or an employment, contractual, or other formal financial or business relationship
22 with the prior licensee or permit holder.

23 (3) No person shall apply for a new license or permit pertaining to a specific location in
24 order to evade payment of any fines, fees, or other charges relating to a prior license or permit.

25 (4) No new license or permit shall be issued for a business at a specific location for which
26 a license or permit already has been issued unless there is a bona fide, good-faith change in
27 ownership of the business at that location.

28 (5) No license or permit shall be issued, renewed, or maintained for any person, including
29 the owners of the business being licensed or having applied and received a permit, that has been
30 convicted of violating any criminal law relating to tobacco products, the payment of taxes, or fraud
31 or has been ordered to pay civil fines of more than twenty-five thousand dollars (\$25,000) dollars
32 for violations of any civil law relating to tobacco products, the payment of taxes, or fraud.

33 ~~**44-20-5. Duration of importer's, and dealer's licenses. Renewal. Expiration, duration,**~~
34 ~~**and renewal of manufacturer's, importer's, distributor's and dealer's licenses.**~~

1 (a) Effective January 1, 2025 to add manufacturer and distributor: Any manufacturer,
2 importer, or distributor license and any license issued by the tax administrator authorizing a dealer
3 to sell cigarettes and/or other tobacco products and/or electronic nicotine-delivery system products
4 in this state shall expire at midnight on June 30 next succeeding the date of issuance unless (1)
5 suspended or revoked by the tax administrator, (2) the business with respect to which the license
6 was issued changes ownership, (3) the manufacturer, importer, distributor or dealer ceases to
7 transact the business for which the license was issued, or (4) after a period of time set by the
8 administrator; provided such period of time shall not be longer than three (3) years, in any of which
9 cases the license shall expire and terminate and the holder shall immediately return the license to
10 the tax administrator.

11 (b) Every holder of a dealer's license shall annually, on or before February 1 of each year,
12 renew its license by filing an application for renewal along with a twenty-five dollar (\$25.00)
13 renewal fee. The renewal license is valid for the period July 1 of that calendar year through June
14 30 of the subsequent calendar year.

15 **44-20-8.2. Transactions only with licensed manufacturers, importers, distributors,**
16 **and dealers.**

17 A manufacturer or importer may sell or distribute cigarettes and/or other tobacco products
18 and/or electronic nicotine-delivery system products to a person located or doing business within
19 this state, only if such person is a licensed importer or distributor. An importer may obtain cigarettes
20 and/or other tobacco products and/or electronic nicotine-delivery system products only from a
21 licensed manufacturer. A distributor may sell or distribute cigarettes and/or other tobacco products
22 and/or electronic nicotine-delivery system products to a person located or doing business within
23 this state, only if such person is a licensed distributor or dealer. A distributor may obtain cigarettes
24 and/or other tobacco products and/or electronic nicotine-delivery system products only from a
25 licensed manufacturer, importer, or distributor. A dealer may obtain cigarettes and/or other tobacco
26 products and/or electronic nicotine-delivery system products only from a licensed distributor.

27 Provided, however, this section shall not apply to cigars.

28 **44-20-13.2. ~~Tax imposed on other tobacco products, smokeless tobacco, cigars, and~~**
29 **~~pipe tobacco products.~~ Tax imposed on other tobacco products, smokeless tobacco, cigars,**
30 **pipe tobacco products and electronic nicotine-delivery products.**

31 (a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, ~~and~~ pipe
32 tobacco products, and electronic nicotine-delivery system products sold, or held for sale in the state
33 by any person, the payment of the tax to be accomplished according to a mechanism established by
34 the administrator, division of taxation, department of revenue. The tax imposed by this section shall

1 be as follows:

2 (1) For all other tobacco products, smokeless tobacco, cigars, and pipe tobacco products,
3 at the rate of eighty percent (80%) of the wholesale cost of other tobacco products, cigars, pipe
4 tobacco products, and smokeless tobacco other than snuff.

5 (2) Notwithstanding the eighty percent (80%) rate in subsection (a) above, in the case of
6 cigars, the tax shall not exceed fifty cents (\$.50) for each cigar.

7 (3) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like
8 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight
9 as listed by the manufacturer; provided, however, that any product listed by the manufacturer as
10 having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2
11 ounces.

12 (4) Effective January 1, 2025:

13 (i) For electronic nicotine-delivery system products that are prefilled, sealed by the
14 manufacturer, and not refillable, at the rate of fifty cents per milliliter (\$0.50/mL) of the e-liquid
15 and/or e-liquid products contained therein; and

16 (ii) For any other electronic nicotine-delivery system products, at the rate of ten percent
17 (10%) of the wholesale cost of such products, whether or not sold at wholesale, and if not sold,
18 then at the same rate upon the use by the wholesaler.

19 (iii) Existing Inventory Floor Tax. For all electronic nicotine-delivery system products held
20 by licensed electronic nicotine-delivery system products retailers as of January 1, 2025: Each
21 person engaging in the business of selling electronic nicotine-delivery system products at retail in
22 this state shall pay a tax measured by the volume of e-liquid and/or e-liquid products contained in
23 electronic nicotine-delivery system products that are prefilled, sealed by the manufacturer, and not
24 refillable and the wholesale cost of all other electronic nicotine-delivery system products held by
25 the person in this state at 12:01 a.m. on January 1, 2025, and is computed for electronic nicotine-
26 delivery system products that are prefilled, sealed by the manufacturer, and not refillable, at the
27 rate of fifty cents per milliliter (\$0.50/mL) of the e-liquid and/or e-liquid products contained therein
28 and for any other electronic nicotine-delivery system products at the rate of ten percent (10%) of
29 the wholesale cost of such products on January 1, 2025. Each person subject to the payment of the
30 tax imposed by this section shall, on or before January 16, 2025, file a return, under oath or certified
31 under the penalties of perjury, with the administrator on forms furnished by the administrator,
32 showing the volume of e-liquid and/or e-liquid products contained in electronic nicotine-delivery
33 system products which are prefilled, sealed by the manufacturer, and not refillable and the
34 wholesale cost of all other electronic nicotine-delivery system products in that person's possession

1 in this state at 12:01 a.m. on January 1, 2025, as described in this section, and the amount of tax
2 due, and shall at the time of filing the return pay the tax to the administrator. Failure to obtain forms
3 shall not be an excuse for the failure to make a return containing the information required by the
4 administrator.

5 (iv) For all electronic nicotine-delivery system products sold by licensed electronic
6 nicotine-delivery system products distributors, manufacturers and/or importers in Rhode Island as
7 of January 1, 2025: any person engaging in the business of distributing at wholesale electronic
8 nicotine-delivery system products in this state shall pay a tax measured by the volume of e-liquid
9 and/or e-liquid products contained in electronic nicotine-delivery system products that are prefilled,
10 sealed by the manufacturer, and not refillable computed at the rate of fifty cents per milliliter
11 (\$0.50/mL) of the e-liquid and/or e-liquid products contained therein and for all other electronic
12 nicotine-delivery system products at the rate of ten percent (10%) of the wholesale cost of such
13 products.

14 (b)(1) Prior to January 1, 2025, any Any dealer having in his or her possession any other
15 tobacco products with respect to the storage or use of which a tax is imposed by this section shall,
16 within five (5) days after coming into possession of the other tobacco products in this state, file a
17 return with the tax administrator in a form prescribed by the tax administrator. The return shall be
18 accompanied by a payment of the amount of the tax shown on the form to be due. Records required
19 under this section shall be preserved on the premises described in the relevant license in such a
20 manner as to ensure permanency and accessibility for inspection at reasonable hours by authorized
21 personnel of the administrator.

22 (2) Effective January 1, 2025, all other tobacco products, except for cigars, and electronic
23 nicotine-delivery system products sold at wholesale in Rhode Island must be sold by a Rhode Island
24 licensed distributor, manufacturer or importer, and purchases of other tobacco products, except for
25 cigars, and/or electronic nicotine-delivery system products, from an unlicensed distributor,
26 manufacturer or importer are prohibited. Any other tobacco products, except for cigars, and/or
27 electronic nicotine-delivery system products purchased and/or obtained from an unlicensed person
28 shall be subject to the terms of this chapter including, but not limited to, § 44-20-15 and shall be
29 taxed pursuant to § 44-20-13.2.

30 (3) Effective January 1, 2025, any dealer having in their possession any cigars with respect
31 to the storage or use of which a tax is imposed by this section shall, within five (5) days after
32 coming into possession of cigars in this state, file a return with the tax administrator in a form
33 prescribed by the tax administrator. The return shall be accompanied by a payment of the amount
34 of the tax shown on the form to be due. Records required under this section shall be preserved on

1 [the premises described in the relevant license in such a manner as to ensure permanency and](#)
2 [accessibility for inspection at reasonable hours by authorized personnel of the administrator.](#)

3 (c) The proceeds collected are paid into the general fund.

4 ~~44-20-15. Confiscation of contraband cigarettes, other tobacco products, and other~~
5 ~~property.~~ **Confiscation of contraband cigarettes, other tobacco products, electronic nicotine-**
6 **delivery system products and other property.**

7 (a) All cigarettes, ~~and~~ other tobacco products, [and/or electronic nicotine-delivery system](#)
8 [products](#) that are held for sale or distribution within the borders of this state in violation of the
9 requirements of this chapter [or federal law](#) are declared to be contraband goods and may be seized
10 by the tax administrator or his or her agents, or employees, or by any sheriff, or his or her deputy,
11 or any police officer when directed by the tax administrator to do so, without a warrant. All
12 contraband goods seized by the state under this chapter shall be destroyed.

13 (b) All fixtures, equipment, and all other materials and personal property on the premises
14 of any distributor or dealer who, with the intent to defraud the state, fails to keep or make any
15 record, return, report, or inventory; keeps or makes any false or fraudulent record, return, report, or
16 inventory required by this chapter; refuses to pay any tax imposed by this chapter; or attempts in
17 any manner to evade or defeat the requirements of this chapter shall be forfeited to the state.

18 ~~44-20-33. Sale of contraband cigarettes or contraband other tobacco products~~
19 ~~prohibited.~~ **Sale of contraband cigarettes, contraband other tobacco products or contraband**
20 **electronic nicotine-delivery systems products prohibited.**

21 No distributor shall sell, and no other person shall sell, offer for sale, display for sale, or
22 possess with intent to sell any contraband other tobacco products [without written record of the](#)
23 [payment of tax imposed by this chapter, or contraband electronic nicotine-delivery system products](#)
24 [without written record of the payment of tax imposed by this chapter](#) or contraband cigarettes, the
25 packages or boxes of which do not bear stamps evidencing the payment of the tax imposed by this
26 chapter.

27 ~~44-20-35. Penalties for violations as to unstamped contraband cigarettes, or~~
28 ~~contraband other tobacco products.~~ **Penalties for violations as to unstamped contraband**
29 **cigarettes, contraband other tobacco products or contraband electronic nicotine-delivery**
30 **system products.**

31 (a) Any person who violates any provision of §§ 44-20-33 and 44-20-34 shall be fined or
32 imprisoned, or both fined and imprisoned, as follows:

33 (1) For a first offense in a twenty-four-month (24) period, fined not more than ten (10)
34 times the retail value of the contraband cigarettes, [contraband electronic nicotine-delivery system](#)

1 [products](#) and/or contraband other tobacco products, or be imprisoned not more than one (1) year,
2 or be both fined and imprisoned;

3 (2) For a second or subsequent offense in a twenty-four-month (24) period, fined not more
4 than twenty-five (25) times the retail value of the contraband cigarettes, [contraband electronic](#)
5 [nicotine-delivery system products](#), and/or contraband other tobacco products, or be imprisoned not
6 more than three (3) years, or be both fined and imprisoned.

7 (b) When determining the amount of a fine sought or imposed under this section, evidence
8 of mitigating factors, including history, severity, and intent shall be considered.

9 **44-20-40. Records — Investigation and inspection of books, premises and stock.**

10 (a) Each manufacturer, importer, distributor and dealer shall maintain copies of invoices or
11 equivalent documentation for, or itemized for, each of its facilities for each transaction (other than
12 a retail transaction with a ~~consumer~~ [purchaser](#)) involving the sale, purchase, transfer, consignment,
13 or receipt of cigarettes, [other tobacco products and electronic nicotine-delivery system products](#).
14 The invoices or documentation shall show the name and address of the other party and the quantity
15 by brand style of the cigarettes, [other tobacco products and electronic nicotine-delivery system](#)
16 [products](#) involved in the transaction. All records and invoices required under this section must be
17 safely preserved for three (3) years in a manner to insure permanency and accessibility for
18 inspection by the administrator or his or her authorized agents.

19 (b) Records required under this section shall be preserved on the premises described in the
20 relevant license in such a manner as to ensure permanency and accessibility for inspection at
21 reasonable hours by authorized personnel of the administrator. With the administrator's permission,
22 persons with multiple places of business may retain centralized records, but shall transmit
23 duplicates of the invoices or the equivalent documentation to each place of business within twenty-
24 four (24) hours upon the request of the administrator or his or her designee.

25 (c) The administrator or his or her authorized agents may examine the books, papers,
26 reports and records of any manufacturer, importer, distributor or dealer in this state for the purpose
27 of determining whether taxes imposed by this chapter have been fully paid, and may investigate
28 the stock of cigarettes, [other tobacco products and/or electronic nicotine-delivery system products](#)
29 in or upon any premises for the purpose of determining whether the provisions of this chapter are
30 being obeyed. The administrator in his or her sole discretion may share the records and reports
31 required by such sections with law enforcement officials of the federal government or other states.

32 **44-20-40.1. Inspections.**

33 (a) The administrator or his or her duly authorized agent shall have authority to enter and
34 inspect, without a warrant during normal business hours, and with a warrant during nonbusiness

1 hours, the facilities and records of any manufacturer, importer, distributor, or dealer.

2 (b) In any case where the administrator or his or her duly authorized agent, or any police
3 officer of this state, has knowledge or reasonable grounds to believe that any vehicle is transporting
4 cigarettes, ~~or~~ other tobacco products [or electronic nicotine-delivery system products](#) in violation of
5 this chapter, the administrator, such agent, or such police officer, is authorized to stop such vehicle
6 and to inspect the same for contraband cigarettes, ~~or~~ [contraband](#) other tobacco products [or](#)
7 [contraband electronic nicotine-delivery system products](#).

8 **44-20-43. Violations as to reports and records.**

9 Any person who fails to submit the reports required in this chapter or by the tax
10 administrator under this chapter, or who makes any incomplete, false, or fraudulent report, or who
11 refuses to permit the tax administrator or his or her authorized agent to examine any books, records,
12 papers, or stocks of cigarettes, ~~or~~ other tobacco products [or electronic nicotine-delivery system](#)
13 [products](#) as provided in this chapter, or who refuses to supply the tax administrator with any other
14 information which the tax administrator requests for the reasonable and proper enforcement of the
15 provisions of this chapter, shall be guilty of a misdemeanor punishable by imprisonment up to one
16 (1) year, or a fine of not more than five thousand dollars (\$5,000), or both, for the first offense, and
17 for each subsequent offense, shall be fined not more than ten thousand dollars (\$10,000), or be
18 imprisoned not more than five (5) years, or both.

19 **~~44-20-45. Importation of cigarettes and/or other tobacco products with intent to evade~~**
20 **~~tax.~~ Importation of cigarettes, other tobacco products and/or electronic nicotine-delivery**
21 **system products with intent to evade tax.**

22 Any person, firm, corporation, club, or association of persons who or that orders any
23 cigarettes, ~~and/or~~ other tobacco products, [and/or electronic nicotine-delivery system products](#) for
24 another; or pools orders for cigarettes, ~~and/or~~ other tobacco products, [and/or electronic nicotine-](#)
25 [delivery system products](#) from any persons; or conspires with others for pooling orders; or receives
26 in this state any shipment of contraband cigarettes, ~~and/or~~ contraband other tobacco products,
27 [and/or electronic nicotine-delivery system products](#) on which the tax imposed by this chapter has
28 not been paid, for the purpose and intention of violating the provisions of this chapter or to avoid
29 payment of the tax imposed in this chapter, is guilty of a felony and shall be fined one hundred
30 thousand dollars (\$100,000) or five (5) times the retail value of the cigarettes, [other tobacco](#)
31 [products, and/or electronic nicotine-delivery system products](#) involved, whichever is greater, or
32 imprisoned not more than fifteen (15) years, or both.

33 **44-20-47. Hearings by tax administrator.**

34 Any person aggrieved by any action under this chapter of the tax administrator or his or

1 her authorized agent for which a hearing is not elsewhere provided may apply to the tax
2 administrator, in writing, within thirty (30) days of the action for a hearing, stating the reasons why
3 the hearing should be granted and the manner of relief sought. The tax administrator shall notify
4 the applicant of the time and place fixed for the hearing. After the hearing, the tax administrator
5 may make the order in the premises as may appear to the tax administrator just and lawful and shall
6 furnish a copy of the order to the applicant. The tax administrator may, by notice in writing, at any
7 time, order a hearing on his or her own initiative and require the taxpayer or any other individual
8 whom the tax administrator believes to be in possession of information concerning any
9 manufacture, importation, or sale of cigarettes, other tobacco products, and/or electronic nicotine-
10 delivery system products to appear before the tax administrator or his or her authorized agent with
11 any specific books of account, papers, or other documents, for examination relative to the hearing.

12 **44-20-51.1. Civil penalties.**

13 (a) Whoever omits, neglects, or refuses to comply with any duty imposed upon him/her by
14 this chapter, or to do, or cause to be done, any of the things required by this chapter, or does
15 anything prohibited by this chapter, shall, in addition to any other penalty provided in this chapter,
16 be liable as follows:

17 (1) For a first offense in a twenty-four-month (24) period, a penalty of not more than ten
18 (10) times the retail value of the cigarettes, ~~and/or~~ other tobacco products and/or electronic nicotine-
19 delivery system products involved; and

20 (2) For a second or subsequent offense in a twenty-four-month (24) period, a penalty of
21 not more than twenty-five (25) times the retail value of the cigarettes, ~~and/or~~ other tobacco products
22 and/or contraband electronic nicotine-delivery system products involved.

23 (b) Whoever omits, neglects, or refuses to comply with any duty imposed upon him/her by
24 this chapter, or to do, or cause to be done, any of the things required by this chapter, or does
25 anything prohibited by this chapter, ~~fails to pay any tax imposed by this chapter at the time~~
26 ~~prescribed by law or regulations,~~ shall, in addition to any other penalty provided in this chapter, be
27 liable for a penalty of one thousand dollars (\$1,000) or not more than five (5) times the tax due but
28 unpaid, whichever is greater.

29 (c) When determining the amount of a penalty sought or imposed under this section,
30 evidence of mitigating or aggravating factors, including history, severity, and intent, shall be
31 considered.

32 SECTION 17. Chapter 44-20 of the General Laws entitled "Cigarette and Other Tobacco
33 Products Tax" is hereby amended by adding thereto the following sections:

34 **44-20-60. Exemption of sales of certain electronic nicotine-delivery system products.**

1 Notwithstanding any provision of the general or public laws to the contrary, the sale of
2 electronic nicotine-delivery system products are exempted from the taxes imposed by this chapter
3 if they are subject to the taxes imposed by chapter 28.11 of title 21 and chapter 70 of this title.

4 **44-20-61. Product restrictions on electronic nicotine-delivery system products.**

5 (a) For purposes of this section, the following terms shall have the following meanings:

6 (1) "Characterizing flavor" means a distinguishable taste or aroma, other than the taste or
7 aroma of tobacco or menthol, distinguishable by an ordinary consumer, imparted either prior to, or
8 during, consumption of an electronic nicotine-delivery system product or component part thereof,
9 including, but not limited to, tastes or aromas relating to any fruit, mint, wintergreen, chocolate,
10 vanilla, honey, candy, cocoa, dessert, alcoholic beverage, herb, or spice or which impart a cooling
11 or numbing sensation. The determination of whether an electronic nicotine-delivery system product
12 has a characterizing flavor shall not be based solely on the use of additives, flavorings, or particular
13 ingredients, but shall instead consider all aspects of a final product including, but not limited to,
14 taste, flavor and aroma, product labeling, and advertising statements. A flavor shall be presumed
15 to be a characterizing flavor if a dealer, manufacturer, or distributor has made a statement or claim
16 directed to consumers or the public about such flavor, whether expressed or implied, that it has a
17 distinguishable taste or aroma (other than the taste or aroma of tobacco or menthol).

18 (2) "Flavored electronic nicotine-delivery system product" means any electronic nicotine-
19 delivery system product that imparts a characterizing flavor.

20 (b) The sale, or offer for sale of, or the possession with intent to sell or to offer for sale,
21 flavored electronic nicotine-delivery system products to consumers within the State of Rhode
22 Island is hereby prohibited. Compassion centers and licensed cultivators registered with the State
23 of Rhode Island Department of Business Regulations-Office of Cannabis Regulation under chapter
24 28.6 of title 21 are exempt from this provision except as to products that contain, are made of, or
25 are derived from tobacco or nicotine, natural or synthetic.

26 **44-20-62. Disclosure of information-electronic nicotine-delivery system products**
27 **licensees.**

28 The department of health shall disclose to the tax administrator all information regarding
29 persons and entities who hold, or previously held, a license issued pursuant to § 23-1-56.

30 SECTION 18. Section 44-20-6 of the General Laws in Chapter 44-20 entitled "Cigarette
31 and Other Tobacco Products Tax" is hereby repealed.

32 ~~**44-20-6. Expiration and renewal of distributors' licenses.**~~

33 ~~Each distributor's license issued under the provisions of § 44-20-4 expires at midnight on~~
34 ~~May 31 next succeeding the date of issuance, unless sooner revoked by the tax administrator, as~~

1 ~~provided in § 44-20-8, or unless the business with respect to which the license was issued changes~~
2 ~~ownership, in either of which cases the holder of the license shall immediately return it to the tax~~
3 ~~administrator. The holder of each license may, annually, before the expiration date of the license~~
4 ~~then held by the licensee, renew his or her license for a further period of one year, on application~~
5 ~~accompanied by the fee prescribed in § 44-20-4.~~

6 SECTION 19. Sections 44-20.1-3 and 44-20.1-4 of the General Laws in Chapter 44-20.1
7 entitled "Delivery Sales of Cigarettes" are hereby amended to read as follows:

8 **44-20.1-3. Age Verification requirements.**

9 (a) No person, including but not limited to online retailers, shall mail, ship, or otherwise
10 deliver cigarettes, other tobacco products, or electronic nicotine-delivery systems in connection
11 with a delivery sale unless such person prior to the first delivery sale to such ~~consumer~~ purchaser:

12 (1) Obtains from the prospective ~~consumer~~ purchaser a certification that includes:

13 (i) A reliable confirmation that the ~~consumer~~ purchaser is at least the legal minimum
14 ~~purchase sales~~ age; and

15 (ii) A statement signed by the prospective ~~consumer~~ purchaser in writing that certifies the
16 prospective ~~consumer~~ purchaser's address and that the ~~consumer~~ purchaser is at least ~~eighteen (18)~~
17 twenty-one (21) years of age. Such statement shall also confirm:

18 (A) That the prospective ~~consumer~~ purchaser understands that signing another person's
19 name to such certification is illegal;

20 (B) That the sale of cigarettes to individuals under the legal minimum ~~purchase sales~~ age
21 is illegal;

22 ~~(C) That the purchase of cigarettes by individuals under the legal minimum purchase age~~
23 ~~is illegal under the laws of the state;~~ and

24 ~~(D)~~(C) That the prospective consumer wants to receive mailings from a tobacco company;

25 (2) Makes a good faith effort to verify the information contained in the certification
26 provided by the prospective consumer pursuant to subsection (a)(1) of this section against a
27 commercially available database, or obtains a photocopy or other image of the valid, government-
28 issued identification stating the date of birth or age of the individual placing the order;

29 (3) Provides to the prospective ~~consumer~~ purchaser, via e-mail or other means, a notice
30 that meets the requirements of § 44-20.1-4; and

31 (4) In the case of an order for cigarettes and/or other tobacco products, and/or electronic
32 nicotine-delivery system products pursuant to an advertisement on the Internet, receives payment
33 for the delivery sale from the prospective ~~consumer~~ purchaser by a credit or debit card that has been
34 issued in such ~~consumer's~~ purchaser's name or by check.

1 (b) Persons accepting purchase orders for delivery sales may request that the prospective
2 ~~consumers~~ purchasers provide their e-mail addresses.

3 (c) The division of taxation, in consultation with the department of health, may promulgate
4 rules and regulations pertaining to this section.

5 **44-20.1-4. Disclosure requirements.**

6 The notice required under ~~subdivision~~ § 44-20.1-3(a)(3) shall include:

7 (a) A prominent and clearly legible statement that the sale of cigarettes, other tobacco
8 products, and electronic nicotine-delivery system products ~~sales~~ to ~~consumers~~ individuals below
9 the legal minimum ~~purchase sales~~ age ~~are is~~ illegal;

10 (b) A prominent and clearly legible statement that sales of cigarettes, other tobacco
11 products, and electronic nicotine-delivery system products, are restricted to those ~~consumers~~
12 individuals who provide verifiable proof of age in accordance with § 44-20.1-3; and

13 (c) A prominent and clearly legible statement that the sale of cigarettes, other tobacco
14 products, and electronic nicotine-delivery system products, ~~sales~~ are subject to tax under the
15 provisions of § 44-20-12 or § 44-20-13.2, and an explanation of how such tax has been, or is to be
16 paid with respect to such delivery sale.

17 SECTION 20. Section 44-23-1 of the General Laws in Chapter 44-23 entitled "Estate and
18 Transfer Taxes — Enforcement and Collection" is hereby amended to read as follows:

19 **44-23-1. Statements filed by executors, administrators and heirs-at-law.**

20 (a) Every executor, administrator, and heir-at-law, within nine (9) months after the death
21 of the decedent, shall file with the tax administrator a statement under oath showing the full and
22 fair cash value of the estate, the amounts paid out from the estate for claims, expenses, charges, and
23 fees, and the statement shall also provide the names and addresses of all persons entitled to take
24 any share or interest of the estate as legatees or distributees of the estate.

25 (b) For estates of decedents with a date of death prior to January 1, 2025, ~~A~~ a fee of fifty
26 dollars (\$50.00) ~~is~~ shall be paid when filing any statement required by this section. All fees received
27 under this section are allocated to the tax administrator for enforcement and collection of taxes.

28 (c) For estates of decedents with a date of death on or after January 1, 2025, no fee shall be
29 paid when filing any statement required by this section.

30 SECTION 21. Section 44-30-12 of the General Laws in Chapter 44-30 entitled "Personal
31 Income Tax" is hereby amended to read as follows:

32 **44-30-12. Rhode Island income of a resident individual.**

33 (a) **General.** The Rhode Island income of a resident individual means his or her adjusted
34 gross income for federal income tax purposes, with the modifications specified in this section.

1 **(b) Modifications increasing federal adjusted gross income.** There shall be added to
2 federal adjusted gross income:

3 (1) Interest income on obligations of any state, or its political subdivisions, other than
4 Rhode Island or its political subdivisions;

5 (2) Interest or dividend income on obligations or securities of any authority, commission,
6 or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the
7 extent exempted by the laws of the United States from federal income tax but not from state income
8 taxes;

9 (3) The modification described in § 44-30-25(g);

10 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in
11 the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified
12 withdrawal is:

13 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
14 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
15 6.1; and

16 (B) A withdrawal or distribution that is:

17 (I) Not applied on a timely basis to pay “qualified higher education expenses” as defined
18 in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

19 (II) Not made for a reason referred to in § 16-57-6.1(e); or

20 (III) Not made in other circumstances for which an exclusion from tax made applicable by
21 Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover,
22 withdrawal, or distribution is made within two (2) taxable years following the taxable year for
23 which a contributions modification pursuant to subsection (c)(4) of this section is taken based on
24 contributions to any tuition savings program account by the person who is the participant of the
25 account at the time of the contribution, whether or not the person is the participant of the account
26 at the time of the transfer, rollover, withdrawal or distribution;

27 (ii) In the event of a nonqualified withdrawal under subsection (b)(4)(i)(A) or (b)(4)(i)(B)
28 of this section, there shall be added to the federal adjusted gross income of that person for the
29 taxable year of the withdrawal an amount equal to the lesser of:

30 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any
31 administrative fee or penalty imposed under the tuition savings program in connection with the
32 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the
33 person’s federal adjusted gross income for the taxable year; and

34 (B) The amount of the person’s contribution modification pursuant to subsection (c)(4) of

1 this section for the person’s taxable year of the withdrawal and the two (2) prior taxable years less
2 the amount of any nonqualified withdrawal for the two (2) prior taxable years included in
3 computing the person’s Rhode Island income by application of this subsection for those years. Any
4 amount added to federal adjusted gross income pursuant to this subdivision shall constitute Rhode
5 Island income for residents, nonresidents and part-year residents;

6 (5) The modification described in § 44-30-25.1(d)(3)(i);

7 (6) The amount equal to any unemployment compensation received but not included in
8 federal adjusted gross income;

9 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a
10 qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6); and

11 (8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck
12 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus
13 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or
14 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount
15 of the loan forgiven exceeds \$250,000, including an individual’s distributive share of the amount
16 of a pass-through entity’s loan forgiveness in excess of \$250,000.

17 (c) **Modifications reducing federal adjusted gross income.** There shall be subtracted
18 from federal adjusted gross income:

19 (1) Any interest income on obligations of the United States and its possessions to the extent
20 includible in gross income for federal income tax purposes, and any interest or dividend income on
21 obligations, or securities of any authority, commission, or instrumentality of the United States to
22 the extent includible in gross income for federal income tax purposes but exempt from state income
23 taxes under the laws of the United States; provided, that the amount to be subtracted shall in any
24 case be reduced by any interest on indebtedness incurred or continued to purchase or carry
25 obligations or securities the income of which is exempt from Rhode Island personal income tax, to
26 the extent the interest has been deducted in determining federal adjusted gross income or taxable
27 income;

28 (2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

29 (3) The amount of any withdrawal or distribution from the “tuition savings program”
30 referred to in § 16-57-6.1 that is included in federal adjusted gross income, other than a withdrawal
31 or distribution or portion of a withdrawal or distribution that is a nonqualified withdrawal;

32 (4) Contributions made to an account under the tuition savings program, including the
33 “contributions carryover” pursuant to subsection (c)(4)(iv) of this section, if any, subject to the
34 following limitations, restrictions and qualifications:

1 (i) The aggregate subtraction pursuant to this subdivision for any taxable year of the
2 taxpayer shall not exceed five hundred dollars (\$500) or one thousand dollars (\$1,000) if a joint
3 return;

4 (ii) The following shall not be considered contributions:

5 (A) Contributions made by any person to an account who is not a participant of the account
6 at the time the contribution is made;

7 (B) Transfers or rollovers to an account from any other tuition savings program account or
8 from any other “qualified tuition program” under section 529 of the Internal Revenue Code, 26
9 U.S.C. § 529; or

10 (C) A change of the beneficiary of the account;

11 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer’s federal
12 adjusted gross income to less than zero (0);

13 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the
14 excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition
15 savings program for all preceding taxable years for which this subsection is effective over the sum
16 of:

17 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all
18 such preceding taxable years; and

19 (B) That part of any remaining contribution carryover at the end of the taxable year which
20 exceeds the amount of any nonqualified withdrawals during the year and the prior two (2) taxable
21 years not included in the addition provided for in this subdivision for those years. Any such part
22 shall be disregarded in computing the contributions carryover for any subsequent taxable year;

23 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer
24 shall include a computation of the carryover with the taxpayer’s Rhode Island personal income tax
25 return for that year, and if for any taxable year on which the carryover is based the taxpayer filed a
26 joint Rhode Island personal income tax return but filed a return on a basis other than jointly for a
27 subsequent taxable year, the computation shall reflect how the carryover is being allocated between
28 the prior joint filers;

29 (5) The modification described in § 44-30-25.1(d)(1);

30 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of
31 insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or
32 other coverage plan;

33 **(7) Modification for organ transplantation.**

34 (i) An individual may subtract up to ten thousand dollars (\$10,000) from federal adjusted

1 gross income if he or she, while living, donates one or more of his or her human organs to another
2 human being for human organ transplantation, except that for purposes of this subsection, “human
3 organ” means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract
4 modification that is claimed hereunder may be claimed in the taxable year in which the human
5 organ transplantation occurs.

6 (ii) An individual may claim that subtract modification hereunder only once, and the
7 subtract modification may be claimed for only the following unreimbursed expenses that are
8 incurred by the claimant and related to the claimant’s organ donation:

9 (A) Travel expenses.

10 (B) Lodging expenses.

11 (C) Lost wages.

12 (iii) The subtract modification hereunder may not be claimed by a part-time resident or a
13 nonresident of this state;

14 **(8) Modification for taxable Social Security income.**

15 (i) For tax years beginning on or after January 1, 2016:

16 (A) For a person who has attained the age used for calculating full or unreduced Social
17 Security retirement benefits who files a return as an unmarried individual, head of household, or
18 married filing separate whose federal adjusted gross income for the taxable year is less than eighty
19 thousand dollars (\$80,000); or

20 (B) A married individual filing jointly or individual filing qualifying widow(er) who has
21 attained the age used for calculating full or unreduced Social Security retirement benefits whose
22 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars
23 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross
24 income.

25 (ii) Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)(A) and
26 (c)(8)(i)(B) of this section shall be increased annually by an amount equal to:

27 (A) Such dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section
28 adjusted for inflation using a base tax year of 2000, multiplied by;

29 (B) The cost-of-living adjustment with a base year of 2000.

30 (iii) For the purposes of this section the cost-of-living adjustment for any calendar year is
31 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
32 the consumer price index for the base year. The consumer price index for any calendar year is the
33 average of the consumer price index as of the close of the twelve-month (12) period ending on
34 August 31, of such calendar year.

1 (iv) For the purpose of this section the term “consumer price index” means the last
2 consumer price index for all urban consumers published by the department of labor. For the purpose
3 of this section the revision of the consumer price index which is most consistent with the consumer
4 price index for calendar year 1986 shall be used.

5 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
6 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
7 married individual filing separate return, if any increase determined under this section is not a
8 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
9 of twenty-five dollars (\$25.00);

10 **(9) Modification of taxable retirement income from certain pension plans or**
11 **annuities.**

12 (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January
13 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax
14 years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a
15 modification shall be allowed for up to twenty thousand dollars (\$20,000), and for tax years
16 beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand
17 dollars (\$50,000), of taxable pension and/or annuity income that is included in federal adjusted
18 gross income for the taxable year:

19 (A) For a person who has attained the age used for calculating full or unreduced Social
20 Security retirement benefits who files a return as an unmarried individual, head of household, or
21 married filing separate whose federal adjusted gross income for such taxable year is less than the
22 amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not
23 to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning
24 January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years
25 beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, and an amount
26 not to exceed fifty thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025,
27 of taxable pension and/or annuity income includible in federal adjusted gross income; or

28 (B) For a married individual filing jointly or individual filing qualifying widow(er) who
29 has attained the age used for calculating full or unreduced Social Security retirement benefits whose
30 joint federal adjusted gross income for such taxable year is less than the amount used for the
31 modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed \$15,000
32 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022,
33 and an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after
34 January 1, 2023, until the tax year beginning January 1, 2024 and an amount not to exceed fifty

1 [thousand dollars \(\\$50,000\) for tax years beginning on or after January 1, 2025](#), of taxable pension
2 and/or annuity income includible in federal adjusted gross income.

3 (ii) Adjustment for inflation. The dollar amount contained by reference in subsections
4 (c)(9)(i)(A) and (c)(9)(i)(B) of this section shall be increased annually for tax years beginning on
5 or after January 1, 2018, by an amount equal to:

6 (A) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B)
7 of this section adjusted for inflation using a base tax year of 2000, multiplied by;

8 (B) The cost-of-living adjustment with a base year of 2000.

9 (iii) For the purposes of this section, the cost-of-living adjustment for any calendar year is
10 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
11 the consumer price index for the base year. The consumer price index for any calendar year is the
12 average of the consumer price index as of the close of the twelve-month (12) period ending on
13 August 31, of such calendar year.

14 (iv) For the purpose of this section, the term “consumer price index” means the last
15 consumer price index for all urban consumers published by the department of labor. For the purpose
16 of this section, the revision of the consumer price index which is most consistent with the consumer
17 price index for calendar year 1986 shall be used.

18 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
19 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
20 married individual filing a separate return, if any increase determined under this section is not a
21 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
22 of twenty-five dollars (\$25.00).

23 (vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by
24 reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in
25 subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in
26 subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection
27 (c)(8)(i)(B), as adjusted for inflation;

28 (10) **Modification for Rhode Island investment in opportunity zones.** For purposes of
29 a taxpayer’s state tax liability, in the case of any investment in a Rhode Island opportunity zone by
30 the taxpayer for at least seven (7) years, a modification to income shall be allowed for the
31 incremental difference between the benefit allowed under 26 U.S.C. § 1400Z-2(b)(2)(B)(iv) and
32 the federal benefit allowed under 26 U.S.C. § 1400Z-2(c);

33 (11) **Modification for military service pensions.**

34 (i) For purposes of a taxpayer’s state tax liability, a modification to income shall be allowed

1 as follows:

2 (A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal
3 adjusted gross income the taxpayer's military service pension benefits included in federal adjusted
4 gross income;

5 (ii) As used in this subsection, the term "military service" shall have the same meaning as
6 set forth in 20 C.F.R. § 212.2;

7 (iii) At no time shall the modification allowed under this subsection alone or in conjunction
8 with subsection (c)(9) exceed the amount of the military service pension received in the tax year
9 for which the modification is claimed; ~~and~~

10 (12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in
11 gross income for federal tax purposes; ~~and~~ and

12 (13) For tax years beginning on or after January 1, 2025, in the case of a taxpayer that is
13 licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any
14 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under
15 26 U.S.C. § 280E.

16 (d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or
17 subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as
18 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-
19 30-17.

20 (e) **Partners.** The amounts of modifications required to be made under this section by a
21 partner, which relate to items of income or deduction of a partnership, shall be determined under §
22 44-30-15.

23 SECTION 22. Sections 46-12-39.1, 46-12-40 and 46-12-41 of the General Laws in Chapter
24 46-12 entitled "Water Pollution" are hereby amended to read as follows:

25 ~~**46-12-39.1. No discharge certificate decal — Required. No discharge awareness and**~~
26 ~~**education.**~~

27 (a) Definitions. As used in this section and in conjunction with this chapter, the following
28 terms shall be construed as follows:

29 (1) ~~"Certification agent" means a marina or boatyard which is capable of installing sewage~~
30 ~~disposal holding tanks and related equipment; a certified marine sewage pump out facility,~~
31 ~~including a mobile facility; other established marine businesses, included, but not limited to, marine~~
32 ~~surveyors and mobile marine repair facilities, that are experienced in the evaluation, repair and/or~~
33 ~~installation of boat sewage systems; and local harbor masters and assistant harbor masters. "Marine~~
34 ~~sanitation device" means either a marine sanitation device-type I, a marine sanitation device-type~~

1 II, or a marine sanitation device-type III with a holding tank and through-hull fitting that would
2 allow sewage to be discharged overboard.

3 (b) ~~No person shall operate or moor for more than thirty (30) days, a boat in the waters of~~
4 ~~the state, that has a permanently installed marine toilet unless such boat displays in a prominent~~
5 ~~position an approved “no discharge certificate decal.”~~ At the time of registration, a boat owner shall
6 be provided with educational material notifying them that, if the recipient boat has a marine
7 sanitation device, the marine sanitation device must be properly secured in a manner that prevents
8 overboard discharges when operating in Rhode Island waters consistent with § 46-12-39.

9 (c) ~~Subsection 45-12-39.1(b) shall not apply to any vessel carrying a valid certificate of~~
10 ~~inspection issued by the U.S. Coast Guard pursuant to title 46 of the U.S. Code.~~

11 (d) ~~Two (2) no discharge certificate decals, differing in color, shall be made available by~~
12 ~~the department of environmental management for issuance to boats subject to the requirements of~~
13 ~~this section.~~

14 (1) ~~Decals of one color shall signify that the recipient boat has a marine toilet, in proper~~
15 ~~working order, which is either a marine sanitation device type I, a marine sanitation device type II,~~
16 ~~or a marine sanitation device type III with a holding tank and through hull fitting that would allow~~
17 ~~sewage to be discharged overboard, but the boat owner or operator had taken the steps necessary~~
18 ~~to prevent the discharge of sewage into the waters of the state.~~

19 (2) ~~Decals of the other color shall signify that the recipient boat either has a marine~~
20 ~~sanitation device type III with a holding tank and no through hull fitting that would allow sewage~~
21 ~~to be discharged overboard, or no marine toilet at all.~~

22 (e) ~~Certification shall remain in effect for forty eight (48) months after each certification,~~
23 ~~and no additional certification shall be required during that period.~~

24 (f) ~~The department of environmental management shall collect and deposit into a separate~~
25 ~~general revenue account a fee of ten dollars (\$10.00) for each certificate to defray the cost of~~
26 ~~implementation of this section.~~

27 (g) ~~Certificate decals may be obtained from any certification agent.~~

28 (h) ~~Before a certificate decal may be issued, a certification agent must visually inspect each~~
29 ~~permanently installed marine toilet on a boat, as well as any associated plumbing or holding tank~~
30 ~~fixtures, to ascertain whether the boat is in compliance with § 46-12-39. If necessary, the~~
31 ~~certification agent shall perform a color-dye flush test of each toilet to verify compliance.~~

32 (i) ~~For inspections conducted pursuant to this section, certification agents may collect and~~
33 ~~retain a fee, not to exceed twenty five dollars (\$25.00) for each permanently installed marine toilet~~
34 ~~aboard each boat. This fee shall be in addition to the minimum ten dollar (\$10.00) fee for each~~

1 ~~decal issued, which certification agents shall collect and forward to the department of~~
2 ~~environmental management pursuant to subsection (f) above.~~

3 **46-12-40. Penalty for violations.**

4 (a) Every person in violation of § 46-12-39 or owning, operating or causing to be operated,
5 upon the waters of the state, a boat in violation of the provisions of § 46-12-39 or aiding in so doing,
6 shall for the first offense be punished by a fine of not more than five hundred dollars (\$500), or be
7 imprisoned for not more than one year in the adult correctional institutions, or both such fine and
8 imprisonment, and for a second and each subsequent offense shall be fined not more than one
9 thousand dollars (\$1,000), or be imprisoned for not more than one year in the adult correctional
10 institutions, or both such fine and imprisonment, in the discretion of the court. If a municipality
11 assists in the prosecution of a violation of § 46-12-39 any fine imposed for that violation shall be
12 paid one-half (½) thereof to the general treasurer of the state and one-half (½) thereof to the
13 treasurer of the town or city where the offense occurred.

14 (b) ~~Every person in violation of § 46-12-39.1, or owning, operating or causing to be~~
15 ~~operated, upon the waters of the state, a boat in violation of the provisions of § 46-12-39.1, shall~~
16 ~~be guilty of a civil violation and subject to a fine of up to one hundred dollars (\$100). If a~~
17 ~~municipality assists in the prosecution of a violation of § 46-12-39.1, any fine imposed for that~~
18 ~~violation shall be paid one-half (½) thereof to the general treasurer of the state and one-half (½)~~
19 ~~thereof to the treasurer of the town or city where the offense occurred.~~

20 (c) Notwithstanding any inconsistent provision of law, the municipal court shall have
21 concurrent jurisdiction with the district court to hear and adjudicate violations under this section.

22 **46-12-41. Enforcement.**

23 (a) The department of environmental management, harbormasters, assistant harbormasters,
24 police officers authorized to make arrests, and employees of the department of environmental
25 management authorized to enforce the provisions of chapter 22 of this title shall have the authority
26 to enforce the provisions of § 46-12-39 ~~and § 46-12-39.1~~. In the exercise of enforcing the provisions
27 of § 46-12-39 they shall have the authority to stop and board any vessel subject to this chapter,
28 regardless of whether the vessel is under way, making way, docked, or moored.

29 (b) Harbormasters and assistant harbormasters are authorized to make periodic color dye
30 flush tests of boats ~~subject to § 46-12-39.1~~, and may check ~~such~~ boats moored in their jurisdictions
31 for ~~no discharge certificate decals, as required pursuant to § 46-12-39.1~~ compliance with § 46-12-
32 39

33 (c) Municipalities of the state may deny a mooring permit to any boat not in compliance
34 with § ~~46-12-39.1~~ 46-12-39.

1 SECTION 23. All sections shall take effect upon passage, except for Sections 13 and 14
2 which shall be effective September 1, 2024, and Sections 5, 7, 8, 11, 12, 15, 16, 17, 18, 19, 20, 21
3 and 22 which shall be effective on January 1, 2025.