



# Rhode Island Department of Revenue

## Division of Taxation

ADV 2022-36  
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS  
November 28, 2022

### Taxation of Adult Use Recreational Cannabis

PROVIDENCE, R.I. –The legalization of the adult recreational use of cannabis in Rhode Island will have impacts on Rhode Island taxation policy. The passage of [House Bill 7593, Substitute A as amended](#), signed into law in May, will affect Rhode Island General Laws Titles [21](#) and [44](#).

Effective December 1, 2022, the law implements a State Cannabis Excise Tax and a Local Cannabis Excise Tax. Both taxes are imposed upon the sale of cannabis and cannabis products by a licensed cannabis retailer. They are in addition to other Rhode Island taxes, including Sales and Use Tax.

When cannabis is sold by the retailer to consumers<sup>1</sup>, the cannabis product is subject to the standard Rhode Island Sales and Use Tax, as well as the new 10% State Cannabis Excise Tax, and a 3% Local Cannabis Excise Tax. The State will collect and distribute the Local Cannabis Excise Tax on behalf of the municipalities in which the cannabis product is delivered to purchasers.

The State and Local Cannabis Excise Taxes do not apply to the sale of cannabis products by a medical marijuana treatment center to qualifying purchasers as allowed by [R.I. GL § 44-70-4](#).

The passage of House Bill 7593, Substitute A, as amended also creates the Cannabis Control Commission. The commission is tasked with the implementation, administration, and enforcement of cannabis regulation and policy for both medical and adult use cannabis. The commission may make recommendations to the General Assembly regarding the rate of taxation. The commission will also work with the Cannabis Advisory Board. The board's role is to provide advice, recommendations, and proposals to the commission relating to equitable administration and regulation.

In addition to regulation on taxation at sale, the law also outlines the procedure to file tax returns with the Division of Taxation. The Division has developed [additional guidance](#) including FAQs and procedures and processes for implementing cannabis taxation. The Division will continue to update this guidance as needed.

For questions regarding Sales and Use Taxes and State and Local Cannabis Excise Taxes, please contact the Division's Excise Tax Section by email at [Tax.Excise@tax.ri.gov](mailto:Tax.Excise@tax.ri.gov) or by phone at (401) 574-8955 between 8:30 a.m. and 3:30 p.m. on business days.

<sup>1</sup> Sales to another licensed cannabis establishment are not subject to this tax. The purchasing retailer is responsible for the collection and remittance of all applicable taxes when sold to the consumer.

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*The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.*

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