

State of South Carolina
Department of Revenue



HENRY D. MCMASTER
Governor

W. HARTLEY POWELL
Director

300A OUTLET POINTE BOULEVARD
POST OFFICE BOX 125
COLUMBIA, SOUTH CAROLINA 29214
Telephone: (803) 898-5040
Facsimile : (803) 896-0023
Director@dor.sc.gov

February 17, 2022

The Honorable Harvey S. Peeler, Jr.
Chairman, Senate Finance Committee
111 Gressette Building
Columbia, South Carolina 29201

The Honorable G. Murrell Smith, Jr.
Chairman, House Ways and Means Committee
525 Blatt Building
Columbia, SC 29201

RE: Cigarette Tax Stamp Expenditure Report - Calendar Year 2021

Gentlemen,

Pursuant to the reporting requirements set forth in Act No. 145 of 2016, please find below the costs incurred by the South Carolina Department of Revenue (SCDOR) associated with the operation of cigarette tax stamps for Calendar Year 2021.

Effective January 1, 2019, the SCDOR implemented cigarette tax stamps requiring all packs of cigarettes sold in South Carolina to have a cigarette tax stamp affixed to each package (as established by Act 145 in 2016, House Bill 4151 of the 121st Legislative Session). The SCDOR incurred a total cost of \$643,647 for Calendar Year 2021 for the operation of the cigarette tax stamp program.

Production and distribution of encrypted tax stamps

(\$187,512 – Calendar Year 2021)

The SCDOR continued a partnership with a vendor to effectively print and distribute South Carolina cigarette stamps. Stamps are printed using sophisticated security printing solutions to prevent counterfeit stamps and are shipped directly to distributors.

Administrative Staffing

(\$456,135 – Calendar Year 2021)

Administration of the cigarette stamp tax requires retail and distributor inspections, processing of stamp refunds, and processing and audits of distributor's monthly reports. These actions require assistance from multiple Miscellaneous Tax Examiners and Tobacco Auditors.

Chairman Peeler and Chairman Smith
February 17, 2022
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Should you require additional information regarding this report, please contact my office.

Sincerely,

A handwritten signature in blue ink that reads "W. Hartley Powell". The signature is written in a cursive style with a large, stylized "W" and "P".

W. Hartley Powell
Director

CC: The Honorable Henry McMaster