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**REPORT OF THE
GENERAL GOVERNMENT SUBCOMMITTEE
(Cobb-Hunter, Lowe, Finlay, Bannister, and Daning – Blythe Littlefield, staff)**

SENATE BILL 310

S. 310 -- Senator Alexander: A BILL TO AMEND SECTION 12-21-2870 OF THE 1976 CODE, RELATING TO UNSTAMPED OR UNTAXED CIGARETTES, TO PROVIDE THAT CIGARETTES FOUND AT ANY POINT THAT DO NOT HAVE STAMPS AFFIXED TO THEIR PACKAGE ARE CONSIDERED CONTRABAND IN CERTAIN CIRCUMSTANCES.

Received by Ways and Means: 2/19/19

Summary of Bill: This bill provides that unstamped or untaxed cigarettes found at any point within the State are considered contraband goods. It states that cigarettes which are declared to be contraband goods may be seized by the Department of Revenue or its employees or any law enforcement agency without a warrant and that the seized cigarettes must be delivered to the department.

Estimated Revenue Impact: This bill will have no expenditure or revenue impact to the General Fund, Other Funds, or Federal Funds of the Department of Revenue, as it clarifies existing statute related to the declaration of untaxed or unstamped cigarettes as contraband.

Subcommittee Recommendation: Favorable

Full Committee Recommendation:

Other Notes/Comments:

2nd Reading:

Amendments:

2nd Reading Vote:



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number: S. 0310 Introduced on January 8, 2019
Author: Alexander
Subject: Cigarettes
Requestor: Senate Finance
RFA Analyst(s): Mitchell
Impact Date: January 25, 2019

Fiscal Impact Summary

This bill will have no expenditure or revenue impact to the General Fund, Other Funds, or Federal Funds of the Department of Revenue, as it clarifies existing statute related to the declaration of untaxed or unstamped cigarettes as contraband.

Explanation of Fiscal Impact

Introduced on January 8, 2019

State Expenditure

This bill clarifies language pertaining to unstamped or untaxed cigarettes, to provide that unstamped or untaxed cigarettes are contraband goods that may be seized by the Department of Revenue or any law enforcement agency of the state without a warrant. The bill further clarifies that seized cigarettes must be delivered to the Department of Revenue.

The Department of Revenue indicates that the clarifications presented in the bill do not materially or fiscally alter the responsibilities or oversight of the department. As such, the bill will have no impact to the General Fund, Other Funds, or Federal Funds.

State Revenue

The Department of Revenue indicates that the bill does not alter the current process for declaring untaxed and unstamped cigarettes contraband, and does not expect any changes in revenue derived from taxes on cigarettes. As such, the bill will have no revenue impact to the General Fund, Other Funds, or Federal Funds.

Local Expenditure

N/A

Local Revenue

N/A

A handwritten signature in blue ink that reads "Frank A. Rainwater".

Frank A. Rainwater, Executive Director

South Carolina General Assembly
123rd Session, 2019-2020

S. 310

STATUS INFORMATION

General Bill

Sponsors: Senator Alexander

Document Path: I:\s-res\tca\009ciga.kmm.tca.docx

Introduced in the Senate on January 8, 2019

Introduced in the House on February 19, 2019

Currently residing in the House Committee on **Ways and Means**

Summary: Cigarettes

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/8/2019	Senate	Introduced and read first time (<u>Senate Journal-page 178</u>)
1/8/2019	Senate	Referred to Committee on Finance (<u>Senate Journal-page 178</u>)
2/5/2019	Senate	Committee report: Favorable Finance (<u>Senate Journal-page 13</u>)
2/13/2019	Senate	Read second time (<u>Senate Journal-page 15</u>)
2/13/2019	Senate	Roll call Ayes-41 Nays-0 (<u>Senate Journal-page 15</u>)
2/14/2019	Senate	Read third time and sent to House (<u>Senate Journal-page 10</u>)
2/19/2019	House	Introduced and read first time (<u>House Journal-page 44</u>)
2/19/2019	House	Referred to Committee on Ways and Means (<u>House Journal-page 44</u>)

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VERSIONS OF THIS BILL

1/8/2019

2/5/2019

1 ~~Indicates Matter Stricken~~
2 Indicates New Matter

3
4 COMMITTEE REPORT
5 February 5, 2019

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7 **S. 310**

8
9 Introduced by Senator Alexander

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11 S. Printed 2/5/19--S.

12 Read the first time January 8, 2019.

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15 **THE COMMITTEE ON FINANCE**

16 To whom was referred a Bill (S. 310) to amend Section
17 12-21-2870 of the 1976 Code, relating to unstamped or untaxed
18 cigarettes, to provide that cigarettes found at any point that do not
19 have stamps, etc., respectfully

20 **REPORT:**

21 That they have duly and carefully considered the same and
22 recommend that the same do pass:

23
24 HUGH K. LEATHERMAN, SR. for Committee.

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27 **STATEMENT OF ESTIMATED FISCAL IMPACT**

28 **Explanation of Fiscal Impact**

29 **Introduced on January 8, 2019**

30 **State Expenditure**

31 This bill clarifies language pertaining to unstamped or untaxed
32 cigarettes, to provide that unstamped or untaxed cigarettes are
33 contraband goods that may be seized by the Department of Revenue
34 or any law enforcement agency of the state without a warrant. The
35 bill further clarifies that seized cigarettes must be delivered to the
36 Department of Revenue.

37 The Department of Revenue indicates that the clarifications
38 presented in the bill do not materially or fiscally alter the
39 responsibilities or oversight of the department. As such, the bill will
40 have no impact to the general fund, other funds, or federal funds.

1 **State Revenue**

2 The Department of Revenue indicates that the bill does not alter
3 the current process for declaring untaxed and unstamped cigarettes
4 contraband, and does not expect any changes in revenue derived
5 from taxes on cigarettes. As such, the bill will have no revenue
6 impact to the general fund, other funds, or federal funds.

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8 Frank A. Rainwater, Executive Director

9 Revenue and Fiscal Affairs Office

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A BILL

TO AMEND SECTION 12-21-2870 OF THE 1976 CODE, RELATING TO UNSTAMPED OR UNTAXED CIGARETTES, TO PROVIDE THAT CIGARETTES FOUND AT ANY POINT THAT DO NOT HAVE STAMPS AFFIXED TO THEIR PACKAGE ARE CONSIDERED CONTRABAND IN CERTAIN CIRCUMSTANCES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12-21-2870 of the 1976 Code is amended to read:

~~“Section 12-21-2870. Cigarettes found at any point within the State which have been within the State for a period of twenty four hours or longer in possession of any retailer or for a period of seventy two hours or longer in possession of any wholesaler or jobber, not having affixed to the package the stamps as required, or on which the tax has not been paid, or of any person importing, receiving, or acquiring cigarettes for use or consumption within the State, not having affixed to the package the stamp as required or on which the tax has not been paid are declared to be contraband goods and may be seized by the department, its employees or any peace officer of the State without a warrant and the goods must be delivered to the department. (A) Except as otherwise provided in this chapter, cigarettes found at any point within the State that do not have the stamps required pursuant to this chapter affixed to their package are contraband goods if the goods are in the possession of a person:~~

~~(1) offering the cigarettes for sale or distribution and that person was not the first to receive the untaxed cigarettes in this State;~~

1 (2) importing, receiving, or acquiring cigarettes for use or
2 consumption within the State; or

3 (3) offering the cigarettes for sale at retail within this State.

4 (B) Cigarettes declared to be contraband goods under this
5 section may be seized by the department, its employees, or any law
6 enforcement agency of the State without a warrant. The seized
7 cigarettes must be delivered to the department.”

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9 SECTION 2. This act takes effect upon approval by the Governor.

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