



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S.0381 Introduced on February 8, 2017  
**Author:** Alexander  
**Subject:** Cigarette stamp tax  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Martin  
**Impact Date:** February 22, 2017

**Estimate of Fiscal Impact**

|                                  | <b>FY 2017-18</b> | <b>FY 2018-19</b> |
|----------------------------------|-------------------|-------------------|
| <b>State Expenditure</b>         |                   |                   |
| General Fund                     | \$0               | \$0               |
| Other and Federal                | \$0               | \$0               |
| Full-Time Equivalent Position(s) | 0.00              | 0.00              |
| <b>State Revenue</b>             |                   |                   |
| General Fund                     | \$0               | \$0               |
| Other and Federal                | \$0               | \$0               |
| <b>Local Expenditure</b>         | \$0               | \$0               |
| <b>Local Revenue</b>             | \$0               | \$0               |

**Fiscal Impact Summary**

This bill would have no impact on state General Fund business license tax revenue in FY2017-18.

**Explanation of Fiscal Impact**

**State Expenditure**

The Department of Revenue indicates that there will be no expenditure impact to the General Fund, Federal Funds, or Other Funds from this bill. The Department can administer the legislative changes with existing resources.

**State Revenue**

This bill would amend Section 12-21-2870 to redefine what constitutes contraband cigarettes by removing the time requirements that untaxed cigarettes may be within the State or in possession of a person. Previously, cigarettes were deemed contraband if:

- cigarettes were found within the State in the possession of a retailer for a period of twenty-four hours or longer, or
- in the possession of a wholesaler, or jobber, for a period of seventy-two hours or longer, if the cigarettes do not have the required stamps affixed to the package.

The amended section also stipulates that cigarettes found at any point within the State not having the required stamps affixed to the package are considered contraband goods if the goods are in the possession of a person. Cigarettes are considered contraband and subject to seizure if any of the following conditions are met:

- offering the cigarettes for sale or distribution and that person was not the first to receive the untaxed cigarettes in this State,
- importing, receiving, or acquiring cigarettes for use or consumption within the State, or
- offering the cigarettes for sale at retail within this State.

Any and all cigarettes declared to be contraband goods under this section may be seized by the Department of Revenue, its employees, or any law enforcement of the State without a warrant. The seized cigarettes must be delivered to the Department of Revenue. Since this bill redefines what constitutes contraband cigarettes and does not change any taxes, licenses, or fees associated with tobacco products, this bill would not affect state General Fund business license tax revenue in FY2017-18.

This act takes effect upon approval by the Governor.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director