~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

February 5, 2019

**S. 310**

Introduced by Senator Alexander

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

Read the first time January 8, 2019.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 310) 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, etc., respectfully

**REPORT:**

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

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**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.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**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;

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

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

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

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

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