COMMITTEE REPORT

February 5, 2019

**S. 398**

Introduced by Senator Alexander

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

Read the first time January 22, 2019.

**THE COMMITTEE ON FINANCE**

To whom was referred a Joint Resolution (S. 398) to provide a grace period on the enforcement of Section 12-21-735 of the 1976 Code, relating to the stamp tax on cigarettes, against unstamped packages of cigarettes, etc., respectfully

**REPORT:**

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

Amend the joint resolution, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. For the period beginning January 1, 2019, and ending October 1, 2019, unstamped packages of cigarettes subject to the provisions of Section 12‑21‑735 for which applicable taxes have been paid are not contraband goods subject to seizure by the Department of Revenue or any peace officer of the State, and any fines associated with such seizure.

SECTION 2. This joint resolution takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 22, 2019**

**State Expenditure**

This bill provides a grace period on the enforcement of the stamp tax on cigarettes, to allow that unstamped packages of cigarettes for which taxes have been paid are not considered contraband goods during the period beginning January 1, 2019, and ending July 1, 2019.

The Department of Revenue indicates that the provisions of the bill do not materially or financially alter the responsibilities or oversight of the department. As such, the bill will have no expenditure impact on the general fund, federal funds, or other funds.

**State Reve**n**ue**

The Department of Revenue collects stamp taxes on cigarettes brought into the state. This bill relates to packages of cigarettes for which taxes have been paid, but a stamp has not been applied. The department indicates that the total number of unstamped packages of cigarettes for which taxes have been paid in the state is small, and are expected to be sold before July 1, 2019. The department further indicates that all wholesalers of cigarettes are currently in compliance with the provisions of the bill. As such, stamp tax revenue will not be impacted by the provisions of this bill. The bill will have no revenue impact on the general fund, federal funds, or other funds for the Department of Revenue.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **JOINT RESOLUTION**

TO PROVIDE A GRACE PERIOD ON THE ENFORCEMENT OF SECTION 12-21-735 OF THE 1976 CODE, RELATING TO THE STAMP TAX ON CIGARETTES, AGAINST UNSTAMPED PACKAGES OF CIGARETTES FOR WHICH APPLICABLE TAXES HAVE BEEN PAID.

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

SECTION 1. For the period beginning January 1, 2019 and ending July 1, 2019, unstamped packages of cigarettes subject to the provisions of Section 12-21-735 of the 1976 Code for which applicable taxes have been paid are not contraband goods subject to seizure or fines by the Department of Revenue.

SECTION 2. This joint resolution takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑