

State of South Carolina  
Department of Revenue



HENRY D. MCMASTER  
Governor

W. HARTLEY POWELL  
Director

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March 15, 2021

The Honorable Hugh K. Leatherman, Sr.  
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 2020

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 2020.

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 \$599,929 for Calendar Year 2020 for the operation of the cigarette tax stamp program.

**Production and distribution of encrypted tax stamps**  
*(\$201,919 – Calendar Year 2020)*

The SCDOR entered into 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.

Chairman Leatherman and Smith  
March 15, 2021  
Page 2

**Administrative Staffing**  
(*\$398,010 – Calendar Year 2020*)

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.

Should you require additional information regarding this report, please contact my office.

Kindest Regards,



Hartley Powell  
Director

CC: The Honorable Henry McMaster