

Senate Resolution 1188

By: Senators Shafer of the 48th and Ginn of the 47th

A RESOLUTION

- 1 Creating the Senate Technology in Tax Collection Study Committee; and for other purposes.
- 2 WHEREAS, there is a growing problem in Georgia with untaxed cigars being brought into
3 this state; and
- 4 WHEREAS, Georgia is losing millions of dollars per year in revenue as a result of cigar tax
5 evasion; and
- 6 WHEREAS, cigar tax evasion has been linked to organized crime; and
- 7 WHEREAS, systemic evasion of cigar taxes puts honest distributors and merchants at a
8 competitive disadvantage to those cheating the system; and
- 9 WHEREAS, cigars, unlike cigarettes, have no distinguishing identifier such as a stamp to
10 confirm that taxes have been paid; and
- 11 WHEREAS, Florida has no excise tax on cigars, while Georgia has a 23 percent excise tax
12 on cigars, therefore making smuggling very lucrative; and
- 13 WHEREAS, in October, 2011, 50 individuals were arrested in this state in conjunction with
14 a multi-million dollar cigarette and cigar tax evasion ring; and
- 15 WHEREAS, in recent years, there has been legislation introduced to address, and much
16 discussion surrounding, possible solutions to cigar tax evasion; and
- 17 WHEREAS, the need exists for a comprehensive review of the current law and proposed
18 legislation in order to ensure that the best interests of the citizens of this state are being
19 promoted and protected.

20 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE that there is created the Senate
21 Technology in Tax Collection Study Committee to be composed of five members of the
22 Senate to be appointed by the President of the Senate, who shall designate one of such
23 members as chairperson.

24 BE IT FURTHER RESOLVED that the committee shall undertake a study of the conditions,
25 needs, issues, and problems mentioned above or related thereto, including but not limited to:

- 26 (1) Availability of technology for implementing digital cigar stamps on a state-wide
27 basis to further ensure against forgery and tax evasion and to aid the Department of
28 Revenue in enforcement;
- 29 (2) Cost of implementation of technology featuring instant verification of the validity of
30 a stamp by an enforcement officer without the use of a central data base enabling the
31 Department of Revenue to track and trace specified quantities of cigarettes and cigars;
- 32 (3) Expected rate of return upon the implementation of technology for digital cigar
33 stamps; and
- 34 (4) The impact the implementation of technology for digital cigar stamps would have on
35 distribution community.

36 BE IT FURTHER RESOLVED that the committee shall recommend any action or legislation
37 which the committee deems necessary or appropriate. The committee may conduct such
38 meetings at such places and at such times as it may deem necessary or convenient to enable
39 it to exercise fully and effectively its powers, perform its duties, and accomplish the
40 objectives and purposes of this resolution. The members of the committee shall receive the
41 allowances provided for in Code Section 28-1-8 of the Official Code of Georgia Annotated.
42 All funds necessary to carry out the provisions of this resolution shall come from funds
43 appropriated to the Senate. The expenses and allowances authorized by this resolution shall
44 not be received by any member of the committee for more than five days unless additional
45 days are authorized. In the event the committee makes a report of its findings and
46 recommendations, with suggestions for proposed legislation, if any, such report shall be
47 made on or before December 1, 2012. The committee shall stand abolished on
48 December 1, 2012.