

## **Study of Local Cigarette Tax Enforcement Policies Pursuant to 2011 House Bill 2038 and Senate Bill 1085**

### **Potential Issues for Review by the Working Group**

Below is a broad outline of the topics discussed at the April 19, 2011 meeting as issues that should be considered by the working group. Members of the working group are asked to send additional issues that they believe should be included in future discussions.

#### Payment of Tax

- One point of collection for the cigarette taxes.
- Collect the taxes using a monthly return and remittance after the cigarettes have been sold.

#### Stamps

- Use of a single state and local stamp.
- Use of modernized stamps.

#### Penalties

Develop suggested best practices for local penalty structure:

- Increasing penalties based on multiple infractions.
- Basing penalties on the number of cigarettes in inventory.
- Reviewing the taxpayer's records for stamping machine maintenance when evaluating penalties.

#### Appeals

Develop a uniform local appeals process:

- Expedited process.
- Allow stamping agents the right to participate in appeals.