

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Barlow

2. Bill Number HB 741

3. Committee House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. Title Local Cigarette Tax: Statewide for Localities

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would allow all counties, cities and towns to impose a local cigarette tax, subject to approval by a voter referendum of the county, city or town. The referendum may be initiated by a resolution of the governing body or on the filing of a petition signed by at least ten percent of the number of voters registered on January 1 of the year in which the petition is filed with the circuit court of the county or city.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not available. (See Line 8.)

7. Budget amendment necessary: No

8. Fiscal implications:

This bill would increase local revenues while having only a minor impact on state revenues.

9. Specific agency or political subdivisions affected:

All counties, cities, and towns not currently imposing a local cigarette tax.

10. Technical amendment necessary: No

11. Other comments:

This bill repeals the provision in Virginia law that limits the authority of counties, cities and towns to impose local cigarette taxes. Currently, only localities with such authority prior to 1977 can impose a cigarette tax. At the present time, two counties, twenty-three cities and twenty-one towns impose a cigarette tax. Only the counties of Arlington and Fairfax are limited, at 5 cents per pack, in the amount of tax that can be imposed. Under

this bill, all localities would be allowed to impose a cigarette tax, subject to approval by a voter referendum.

Other Legislation:

House Bill 742, House Bill 1095 and **Senate Bill 386** are identical to this bill, but do not require a referendum.

cc : Secretary of Finance

Date: 01/20/02/TST

Document: S:\2002\WorkInProgress\OTPwork\HB0741F161.doc