

**DEPARTMENT OF TAXATION
2003 Fiscal Impact Statement**

1. Patron Alexander

2. Bill Number HB 2308

3. Committee House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. Title Cigarette Tax: Possession of Excessive
Amounts of Cigarettes

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill, with the suggested technical amendment, would create a new criminal penalty for the possession of more than 100 cartons of cigarettes at any time by a person who is not a wholesale or retail dealer. The penalty for such possession would be a Class 2 misdemeanor and the cigarettes would be subject to confiscation.

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:

The effect of this bill on General Fund revenues is unknown.

The Department would not incur any administrative costs as a result of this bill.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: Yes.

Under the language of this bill, only licensed wholesale dealers under § 58.1-1011 are allowed to possess more than 100 cartons of cigarettes at any time. As retail establishments are likely to have more than 100 cartons of cigarettes in their inventory at any time, the following technical amendment is suggested:

Page 1, Line 14. After: not a

Strike: licensed dealer as provided in § 58.1-1011

Insert: wholesale dealer as defined in § 58.1-1000 or a retail dealer as defined in § 58.1-1000 with a retail establishment located within the Commonwealth

11. Other comments:

This bill, with the suggested technical amendment, would create a new criminal penalty for the possession of more than 100 cartons of cigarettes at any time by a person who not a wholesale dealer or a retail dealer with a retail establishment within the Commonwealth. There is currently no penalty under Virginia law for the possession of more than 100 cartons of cigarettes.

The penalty for the prohibited possession under this bill would be a Class 2 misdemeanor. Any cigarettes in possession of an individual who violates the provisions of this bill would be subject to confiscation. The maximum sentence for a Class 2 misdemeanor is six months in jail and/or a \$1,000 fine.

Other Legislation

HB 1453 would increase the state tax on cigarettes from two and one-half cents per pack to 20 cents per pack.

HB 1566 would impose a tax on cigarettes of 50 cents per pack and 5 cents per cigar and it would allow localities to impose a tax of 25 cents per pack and 3 cents per cigar.

HB 1712 would increase the state tax on cigarettes from 2.5 cents to 50 cents per pack.

HB 2247 would impose a tax on cigarettes of 25 cents per pack and it would allow localities to impose a tax of 50 cents per pack.

HB 2313 would impose a tax on cigarette manufacturers equal to 5 cents per pack.

SB 835 would impose a tax on cigarette manufacturers equal to 5 cents per pack.

SB 1113 would increase the state tax on cigarettes from two and one-half cents per pack to 60 cents per pack.

cc : Secretary of Finance

Date: 01/17/03 CT

Document : S:\2003leg\WorkInProgress\OTPwork\House Bills\HB2308F161.doc