

**DEPARTMENT OF TAXATION  
2003 Fiscal Impact Statement**

**1. Patron** Almand

**3. Committee** House Finance

**4. Title** Local Cigarette Tax: Increase tax rate in  
Arlington and Fairfax Counties

**2. Bill Number** HB 2531

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would allow the Fairfax and Arlington Counties to increase their local cigarette tax from 5 cents per pack to a maximum of 30 cents.

**6. Fiscal Impact Estimates are:** Tentative. (See Line 8.)

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

This bill would increase the local tax revenue of Arlington and Fairfax Counties if each county chose to impose the tax this bill authorizes. If each locality imposed the maximum 30 cents per pack local cigarette tax rate effective July 1, 2003, Arlington County local tax revenues would increase an estimated \$273,057 in FY 2003, \$3.3 million in FY 2004 and in FY 2005. Fairfax County local tax revenues would likewise increase by an estimated \$810,428 in FY 2003, \$9.7 million in FY 2004, and \$9.6 million in FY 2005. Because the cigarette tax is included in the price on which sales tax is computed, sales tax revenues would increase by a total of \$417,000 in FY 2004 and \$452,000 in FY 2005, provided both localities impose the additional cigarette tax at the maximum rate.

**9. Specific agency or political subdivisions affected:**

Fairfax and Arlington Counties

**10. Technical amendment necessary:** None.

**11. Other comments:**

At the present time, two counties, twenty-two cities and twenty-two 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, these two counties could increase their local cigarette tax rate from 5 cents per pack to 30 cents per pack.

### **Other Legislation**

**House Bill 2025** would allow all counties to impose a local cigarette tax not to exceed 50 cents per pack. All additional revenues would be used solely for capital projects for public schools and public school infrastructure improvements.

**House Bill 2026** would allow Arlington and Fairfax Counties to increase their cigarette tax from 5 cents to 50 cents per pack with the additional revenue to be used solely for capital projects for public school construction and public school infrastructure improvements.

**House Bill 2247** would increase the state tax on cigarettes from 2 ½ cents per pack to 25 cents per pack. The bill would also allow localities to impose a local cigarette tax of up to 50 cents per pack.

**Senate Bill 900** would allow all counties to impose a local cigarette tax.

**Senate Bill 901** would allow Isle of Wight County to impose a local cigarette tax not exceeding 5 cents per pack.

cc : Secretary of Finance

Date: 01/16/03/TST

Document : S:\2003leg\WorkInProgress\OTPwork\House Bills\HB2531F161.doc