

DEPARTMENT OF TAXATION 2003 Fiscal Impact Statement

1. **Patron** Bloxom

3. **Committee** House Finance

4. **Title** Local Cigarette Tax: Allows Accomack, Isle of Wight, James City, Northampton, Southampton and Surry Counties to impose cigarette tax

2. **Bill Number** HB 2729

House of Origin:

 X **Introduced**
 Substitute
 Engrossed

Second House:

 In Committee
 Substitute
 Enrolled

5. **Summary/Purpose:**

This bill would allow Accomack, Isle of Wight, James City, Northampton, Southampton, and Surry Counties to impose a local cigarette tax not to exceed 5 cents per pack.

The effective date of this bill is not specified.

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 Accomack, Isle of Wight, James City, Northampton, Southampton, and Surry Counties if they imposed the tax this bill authorizes. If each of these counties imposed a local cigarette tax at the maximum rate of 5 cents per pack tax effective July 1, 2003, this bill would result in an estimated revenue increase as shown in the table below.

County	FY 2003	FY 2004	FY 2005
Accomack	\$14,893	\$177,522	\$176,331
Isle of Wight	5,591	66,597	66,110
James City	18,702	222,926	221,430
Northampton	5,090	60,679	60,271
Southampton	6,797	81,019	80,475
Surry	2,655	31,649	31,436

Because the cigarette tax is included in the price on which sales tax is computed, sales tax revenues would increase, but by a minimal amount.

9. Specific agency or political subdivisions affected:

Accomack, Isle of Wight, James City, Northampton, Southampton, and Surry Counties

10. Technical amendment necessary: None.

11. Other comments:

This bill would allow Accomack, Isle of Wight, James City, Northampton, Southampton, and Surry Counties to impose a local cigarette tax not to exceed 5 per cents per pack. 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.

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.

House Bill 2531 would allow Arlington and Fairfax Counties to increase their cigarette tax from 5 cents to 30 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 to exceed 5 cents per pack.

cc : Secretary of Finance

Date: 01/22/03/TST

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