

**DEPARTMENT OF TAXATION
2003 Fiscal Impact Statement**

1. Patron Quayle

3. Committee Senate Finance

4. Title Local Cigarette Tax: Allows Isle of Wight County to impose cigarette tax

2. Bill Number SB 901

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would allow Isle of Wight County 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 Isle of Wight County if it imposed the tax this bill authorizes. If Isle of Wight County 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 of \$5,591 in FY 2003, \$66,597 in FY 2004, and \$66,110 in FY 2005. 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:

Isle of Wight County

10. Technical amendment necessary: None.

11. Other comments:

This bill would allow Isle of Wight County 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.

cc : Secretary of Finance

Date: 01/16/03/TST

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