

2004 SPECIAL SESSION I

INTRODUCED

042638532

HOUSE BILL NO. 5006

Offered March 20, 2004

A BILL to amend and reenact §§ 58.1-1001, 58.1-3831, and 58.1-3840 of the Code of Virginia, and to amend the Code of Virginia by adding in Article 1 of Chapter 10 of Title 58.1 a section numbered 58.1-1017.1, relating to the state cigarette tax.

Patron—Van Yahres

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-1001, 58.1-3831 and 58.1-3840 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Article 1 of Chapter 10 of Title 58.1 a section numbered 58.1-1017.1 as follows:

§ 58.1-1001. Tax levied; rate.

In addition to all other taxes now imposed by law, every person within this Commonwealth who sells, stores or receives cigarettes made of tobacco or any substitute thereof, for the purpose of distribution to any person within this Commonwealth, shall pay to this Commonwealth an excise tax of ~~one and one-quarter mills~~ three cents on each such cigarette.

§ 58.1-1017.1. Disposition of tax revenues.

The additional tax revenue generated by the rate increase in § 58.1-1001 enacted by the 2004 Special Session of the General Assembly shall be distributed as set forth in this section. One-half of such additional revenue shall be used solely to fund costs of the Virginia Medicaid Program. The remaining one-half of such additional revenues shall be distributed to all of the counties and cities of the Commonwealth on a set per pupil amount, based on the latest actual adjusted average daily membership, and adjusted by the locality's composite index of ability to pay as set forth in the general appropriation act, and such revenue shall be used by the counties and cities solely for public education purposes.

§ 58.1-3831. Tax in certain counties.

Fairfax and Arlington Counties shall have the power to levy tax upon the sale or use of cigarettes. Such tax shall be in such amount and on such terms as the governing body may by ordinances prescribe, not to exceed five cents per pack ~~or the amount levied under state law, whichever is greater.~~ The provisions of § 58.1-3830 shall apply to such counties, mutatis mutandis.

§ 58.1-3840. Certain excise taxes permitted.

A. The provisions of Chapter 6 (§ 58.1-600 et seq.) of this title to the contrary notwithstanding, any city or town having general taxing powers established by charter pursuant to or consistent with the provisions of § 15.2-1104 may impose excise taxes on cigarettes, admissions, transient room rentals, meals, and travel campgrounds; ~~provided that no.~~ The rate of any such tax on cigarettes in any city or town when added to the rate levied under state law shall not exceed the greater of (i) four cents per cigarette, or (ii) three cents per cigarette plus the amount of the tax that was in effect in the city or town on January 1, 2004. No such taxes may be imposed on food and beverages sold through vending machines or on any tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children. In addition, as set forth in § 51.5-98, no blind person operating a vending stand or other business enterprise under the jurisdiction of the Department for the Blind and Vision Impaired and located on property acquired and used by the United States for any military or naval purpose shall be required to collect and remit meals taxes.

B. Notwithstanding any other provision of this section, no city or town shall levy any tax under this section upon alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.

C. Any city or town that is authorized to levy a tax on admissions may levy the tax on admissions paid for any event held at facilities that are not owned by the city or town at a lower rate than the rate levied on admissions paid for any event held at its city- or town-owned civic centers, stadiums and amphitheatres.

2. That revenues distributed to localities for education pursuant to this act shall not be used to calculate or reduce the share of federal or state revenues or other funds otherwise available to

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59 counties and cities of the Commonwealth, including, but not limited to, the computation or
60 reduction of state basic aid payments.