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**HOUSE BILL NO. 2379**

Offered January 14, 2009

Prefiled January 14, 2009

*A BILL to amend and reenact § 58.1-1001 of the Code of Virginia, relating to cigarette tax rate increase with the additional revenue therefrom to fund Medicaid and education.*

Patron—Englin

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-1001 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-1001. Tax levied; rate.

A. Except as provided in subsection B, 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 on each such cigarette sold, stored or received before August 1, 2004; an excise tax of one cent on each such cigarette sold, stored or received on and after August 1, 2004, through midnight on June 30, 2005; ~~and~~ an excise tax of 1.5 cents on each such cigarette sold, stored or received on and after July 1, 2005, *through midnight on June 30, 2009; and an excise tax of 5.95 cents on each such cigarette sold, stored or received on and after July 1, 2009.*

B. In addition to all other taxes now imposed by law, every person within the Commonwealth who sells, stores, or receives roll-your-own tobacco, for the purpose of distribution within the Commonwealth, shall pay to the Commonwealth a cigarette excise tax at the rate of ~~10%~~ *30 percent* of the manufacturer's sales price of such roll-your-own tobacco.

C. The revenues generated by the taxes imposed under this section on and after August 1, 2004, shall be collected by the Department and deposited into the Virginia Health Care Fund established under § 32.1-366.

**2. That the additional revenue attributable to the 4.45 cents per cigarette increase in the tax pursuant to the amendment to § 58.1-1001 of the Code of Virginia shall be distributed as follows:**

(i) the amount attributable to 1.5 cents of the increased rate shall be used solely to fund Medicaid program services, and (ii) the amount attributable to the remaining 2.95 cents shall be used solely to fund state education assistance programs for public schools.

INTRODUCED

HB2379