

# DEPARTMENT OF TAXATION

## 2010 Fiscal Impact Statement

1. **Patron** William K. Barlow

3. **Committee** House Finance

4. **Title** Local Cigarette Tax; Counties

2. **Bill Number** HB 891

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would authorize Isle of Wight County to levy a local cigarette tax not to exceed 5 cents per pack or the amount levied under state law, whichever is greater.

All cities and towns with general taxing powers are currently authorized to impose a cigarette tax with no rate limitations. Arlington County and Fairfax County are the only counties authorized to impose a local cigarette tax, and they are limited to a rate that does not exceed 5 cents per pack or the amount levied under state law, whichever is greater.

The effective date of this bill is not specified.

**6. Fiscal Impact Estimates are:** Not available. (See Line 8.)

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

**8. Fiscal implications:**

This bill would have no impact on state revenues. This bill would have an unknown revenue impact on Isle of Wight County. The amount of cigarette tax revenue is unknown because it is not known if Isle of Wight County would impose a local cigarette tax and at what rate they would impose the tax. However, if Isle of Wight County was to impose the local cigarette tax at the maximum rate of \$0.30 per pack, passage of this bill would result in an annual revenue gain to Isle of Wight County of approximately \$308,000.

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

Isle of Wight County

**10. Technical amendment necessary:** No.

## 11. Other comments:

### Cigarette Taxes

All cities and towns with general taxing powers are already currently authorized to impose a cigarette tax with no rate limitations. Twenty-nine cities and thirty-two towns currently report imposing a cigarette tax. Currently, only two counties, Arlington and Fairfax, are authorized to impose a local cigarette tax, which is limited to the amount of the state cigarette tax rate. The state cigarette tax rate is currently 30 cents per pack of 20 cigarettes.

### Proposal

This bill would authorize Isle of Wight County to levy a local cigarette tax not to exceed 5 cents per pack or the amount levied under state law, whichever is greater.

The effective date of this bill is not specified.

### Similar Legislation

**House Bill 889** would authorize all counties, cities and towns to impose a local cigarette tax. Any cigarette tax authorized by this bill would be limited to 5 cents per pack or the amount levied under state law, whichever is greater.

**Senate Bill 578** would authorize all counties to impose a local cigarette tax at a rate not to exceed the state cigarette tax rate.

cc : Secretary of Finance

Date: 1/17/2010 AM  
DLAS File Name: HB891F161