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**HOUSE BILL NO. 830**

Offered January 13, 2016

Prefiled January 12, 2016

*A BILL to amend and reenact §§ 58.1-1001, 58.1-1021.02, and 58.1-1021.05 of the Code of Virginia, relating to state tax on cigarettes and other tobacco products.*

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 Referred to Committee on Finance
 

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

**1. That §§ 58.1-1001, 58.1-1021.02, and 58.1-1021.05 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 the~~ Commonwealth who sells, stores, or receives cigarettes made of tobacco or any substitute thereof, for the purpose of distribution to any person within ~~this the~~ Commonwealth, shall pay to ~~this the~~ 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, 2016; and an excise tax of 7.5 cents on each such cigarette sold, stored, or received on and after July 1, 2016.~~

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 ~~40%~~ 50 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~~ July 1, 2016, shall be collected by the Department ~~and, with 10 percent of such revenues to be disbursed to the Virginia Department of Health for additional funding for its tobacco cessation and prevention of tobacco use programs that are recommended by the U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, and the remainder of such revenues to be deposited into the Virginia Health Care Fund established under § 32.1-366.~~

D. The provisions of this section shall not apply to members of federal, state, county, city, or town law-enforcement agencies when possession of unstamped cigarettes is necessary in the performance of investigatory duties.

**§ 58.1-1021.02. Tax on tobacco products.**

A. In addition to all other taxes now imposed by law, there is hereby imposed a tax upon the privilege of selling or dealing in tobacco products in the Commonwealth by any person engaged in business as a distributor thereof, at the following rates:

1. Upon each package of moist snuff, at the rate of \$0.18 per ounce with a proportionate tax at the same rate on all fractional parts of an ounce. The tax shall be computed based on the net weight as listed by the manufacturer on the package in accordance with federal law.

2. For purposes of the tax under this article, loose leaf tobacco shall be classified as loose leaf tobacco single-units, loose leaf tobacco half pound-units, and loose leaf tobacco pound-units. Such tax shall be imposed on the distributor for loose leaf tobacco as follows:

a. ~~\$0.24~~ \$1.05 for each loose leaf tobacco single-unit;

b. ~~\$0.40~~ \$2.00 for each loose leaf tobacco half pound-unit;

c. ~~\$0.70~~ \$3.50 for each loose leaf tobacco pound-unit; and

d. For any other unit, pouch, or package of loose leaf tobacco, the tax shall be by net weight and shall be ~~\$0.24~~ \$1.05 per unit, pouch, or package plus ~~\$0.24~~ \$1.05 for each increment of 4 ounces or portion thereof that the loose leaf tobacco exceeds 16 ounces.

The tax for each unit, pouch, or package of loose leaf tobacco shall be in accordance with the provisions of subdivisions a- through d- only and regardless of sales price.

3. Upon tobacco products other than moist snuff or loose leaf tobacco, at the rate of ~~40~~ 50 percent of the manufacturer's sales price of such tobacco products.

Such tax shall be imposed at the time the distributor (i) brings or causes to be brought into the Commonwealth from outside the Commonwealth tobacco products for sale; (ii) makes, manufactures, or fabricates tobacco products in the Commonwealth for sale in the Commonwealth; or (iii) ships or

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59 transports tobacco products to retailers in the Commonwealth to be sold by those retailers. It is the  
60 intent and purpose of this article that the distributor who first possesses the tobacco product subject to  
61 this tax in the Commonwealth shall be the distributor liable for the tax. It is further the intent and  
62 purpose of this article to impose the tax once, and only once on all tobacco products for sale in the  
63 Commonwealth.

64 B. No tax shall be imposed pursuant to this section upon tobacco products not within the taxing  
65 power of the Commonwealth under the Commerce Clause of the United States Constitution.

66 C. A distributor that calculates and pays the tax pursuant to subdivision A 1 or A 2 in good faith  
67 reliance on the net weight listed by the manufacturer on the package or on the manufacturer's invoice  
68 shall not be liable for additional tax, or for interest or penalties, solely by reason of a subsequent  
69 determination that such weight information was incorrect.

70 **§ 58.1-1021.05. Use of revenues.**

71 The revenues generated by the taxes imposed under this article shall be collected by the Department  
72 ~~and, with 10 percent of such revenues to be disbursed to the Virginia Department of Health for~~  
73 ~~additional funding for its tobacco cessation and prevention programs that are recommended by the U.S.~~  
74 ~~Department of Health and Human Services, Centers for Disease Control and Prevention, and the~~  
75 ~~remainder of such revenues to be deposited into the Virginia Health Care Fund established under~~  
76 § 32.1-366.