

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: HB2254

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Edmunds

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Tobacco Board; composition; excise tax.

5. Summary: This bill alters the general provisions of the Tobacco Board governing the terms, quorum, officers, and reimbursement of expenses of members of commodity boards. The bill removes the requirement that each tobacco organization submit two or more Tobacco Board nominees at least 90 days before the expiration of the member's term for which the nomination is being provided. The bill also removes the Tobacco Board's authority to appoint a secretary and other such employees. The bill increases the excise tax on bright flue-cured and type 21 dark-fired tobacco harvested in the Commonwealth from 20 cents to 40 cents per 100 pounds and allows the Tobacco Board to waive the interest penalty, or portion thereof, that accrues as a result of nonpayment of the excise tax in its discretion for good cause shown.

6. Budget Amendment Necessary: No. See item 8.

7. Fiscal Impact Estimates: Preliminary. See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	\$108,198	0	NGF
2019	\$108,198	0	NGF
2020	\$108,198	0	NGF
2021	\$108,198	0	NGF
2022	\$108,198	0	NGF
2023	\$108,198	0	NGF

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	\$108,198	NGF
2019	\$108,198	NGF
2020	\$108,198	NGF
2021	\$108,198	NGF
2022	\$108,198	NGF
2023	\$108,198	NGF

- 8. Fiscal Implications:** It is anticipated that this bill will have a revenue and expenditure impact on the Tobacco Board within the Department of Agriculture and Consumer Services (VDACS). However, as the impact involves nongeneral fund revenue and appropriation, the appropriation in Item 91 of SB900/HB1500 can be adjusted administratively as needed, as provided in the General Provisions of the Appropriation Act.

The bill doubles the excise tax on bright flue-cured and type 21 dark-fired tobacco. The current rate is \$0.20 per hundredweight; the proposed increased rate is \$0.40 per hundredweight.

The annual production over the past three years was:

Year	Production in Pounds
2013	49,745,555
2014	59,362,175
2015	53,189,590

Based on the three-year average production of \$54.0 million pounds of bright flue-cured and type 21 dark-fired tobacco produced annually in Virginia, VDACS estimates collecting an additional \$108,198 each year for a total revenue of \$216,396, at the proposed rate of \$0.40 per hundredweight. The board's expenditures, likewise, are anticipated to be \$216,396.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Agriculture and Consumer Services; the Tobacco Board.
- 10. Technical Amendment Necessary:** Yes, line 58, strike "bright-flue-cured" and insert "bright flue-cured" to provide consistency.
- 11. Other Comments:** SB948 is similar to this bill.