

## 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:** Passed both Houses.

**4. Title:**         Tobacco Board; commodity board member nominations and terms; excise tax.

**5. Summary:** This bill alters the member nomination process, tax rate, and other functions of the Tobacco Board (the Board). The bill removes the 90-day deadline for submission of industry nominees for a seat on the Board, as well as the requirement that there be two or more nominations for each seat. The bill also removes from the Board the power to appoint a secretary and other employees. Finally, the bill raises the assessment on tobacco from 20 cents to 40 cents per 100 pounds of tobacco harvested, authorizes the Board, at its discretion, to waive interest on the assessment when it is paid late or is left unpaid, and provides criteria for such waiver. The bill makes technical amendments.

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

**7. Fiscal Impact Estimates:** Final. 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 HB1500/SB900 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:** No.

**11. Other Comments:** SB948 is the companion to this bill.