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SENATE BILL NO. 565

Offered January 26, 1998

A BILL to amend and reenact § 58.1-1001 of the Code of Virginia; to amend the Code of Virginia by adding in Article 3 of Chapter 10 of Title 58.1 a section numbered 58.1-1023 and by adding in Article 7 of Chapter 38 of Title 58.1 a section numbered 58.1-3832.1; and to repeal §§ 58.1-3830 through 58.1-3832 of the Code of Virginia, relating to taxes on cigarettes.

Patron—Miller, K.G. (By Request)

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-1001 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 3 of Chapter 10 of Title 58.1 a section numbered 58.1-1023 and by adding in Article 7 of Chapter 38 of Title 58.1 a section numbered 58.1-3832.1, as follows:

§ 58.1-1001. Tax levied; rate.

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~~ *seven and one-half* mills on each such cigarette.

§ 58.1-1023. Disposition of cigarette tax revenue.

A. The net revenue generated by the cigarette tax at a rate of five mills per cigarette shall be distributed among the counties, cities, and towns of the Commonwealth based on the number of cigarettes sold at retail within each locality. Each person selling cigarettes at retail, including dealers making sales of cigarettes through vending machines, shall report to the Tax Commissioner, with the sales and use tax return transmitted under § 58.1-615, the number of cigarettes sold during the preceding calendar month within each county, city, and town of the Commonwealth.

B. The net revenue generated by the cigarette tax at a rate of one and one-quarter mills per cigarette shall be distributed among the following counties and cities that imposed, prior to January 1, 1998, a local cigarette tax at a rate exceeding five mills per cigarette, as follows:

Locality	Percentage
City of Alexandria	7.10%
City of Charlottesville	0.65%
City of Chesapeake	7.74%
County of Fairfax	2.58%
City of Hampton	10.97%
City of Lynchburg	1.93%
City of Manassas	0.65%
City of Manassas Park	0.65%
City of Newport News	9.67%
City of Norfolk	17.42%
City of Portsmouth	7.74%
City of Roanoke	3.87%
City of Suffolk	1.29%
City of Virginia Beach	27.74%

C. The localities' share of the net revenue distributable under this section among the counties, cities, and towns shall be apportioned by the Comptroller and distributed among them by warrants of the Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month during which the net revenue was received into the state treasury. The distribution of the localities' share of such net revenue shall be computed with respect to the net revenue received into the state treasury during each month, and such distribution shall be made as soon as practicable after the close of each such month. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall be corrected and adjustments made in the distribution for the next quarter or for subsequent quarters.

D. The term "net revenue," as used in this section, means the gross revenue received into the general

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58 *fund of the state treasury under the preceding sections of this chapter, less refunds to taxpayers.*

59 *§ 58.1-3832.1. Local taxes prohibited.*

60 *Effective January 1, 1999, no county, city or town shall levy a tax upon the sale or use of cigarettes.*

61 **2. That §§ 58.1-3830 through 58.1-3832 of the Code of Virginia are repealed.**

62 **3. That the provisions of this act shall become effective on January 1, 1999.**