

# DEPARTMENT OF TAXATION

## 2018 Fiscal Impact Statement

1. **Patron** Charles W. Carrico, Sr.

2. **Bill Number** SB 510

3. **Committee** Senate Finance

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

4. **Title** Cigarette Tax; Counties Authorized to Hold  
Referendum

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

**5. Summary/Purpose:**

This bill would authorize the board of supervisors of any county to impose a tax on the sale or use of cigarettes, not to exceed five cents (\$0.05) or the amount levied under state law, but only if approved in a referendum. The bill would also mandate that once a cigarette tax referendum has been held in a county, no other referendum on the same question shall be held in the same county for a period of 23 months.

Under current law, all cities and towns have the authority to impose a cigarette tax but only the counties of Arlington and Fairfax are authorized to do the same.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

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

**8. Fiscal implications:**

To the extent that counties hold successful referenda and levy the tax as a result, this bill would have an unknown positive impact on local revenues. The bill would have no impact on state revenues.

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

All counties

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

## 11. Other comments:

### Local Cigarette Taxes

All cities and towns with general taxing powers are currently authorized to impose a cigarette tax with no rate limitations. According to *Virginia Local Tax Rates, 2016*, published by the Weldon Cooper Center for Public Service, 91 jurisdictions report that they impose the local cigarette tax, including 30 cities and 59 towns. 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. Local cigarette taxes are typically administered and enforced at the local level. However, the Northern Virginia Cigarette Tax Board ("NVCTB") administers and enforces the local cigarette tax on behalf of 18 northern Virginia jurisdictions.

### Proposal

This bill would authorize the board of supervisors of any county to impose a tax on the sale or use of cigarettes, not to exceed five cents (\$0.05) or the amount levied under state law, if approved in a referendum. The bill would also mandate that once a cigarette tax referendum has been held in a county, no other referendum on the same question shall be held in the same county for a period of 23 months.

The effective date of this bill is not specified.

### Similar Legislation

**House Bill 1338** is identical to this bill.

**House Bill 526** would require that localities only issue refunds for cigarette tax stamps that are returned in unused and undamaged condition.

cc : Secretary of Finance

Date: 1/13/2018 VB  
SB510F161