

VIRGINIA ACTS OF ASSEMBLY -- 2022 SESSION

CHAPTER 224

An Act to amend and reenact §§ 58.1-3830 and 58.1-3832.1 of the Code of Virginia, relating to local cigarette tax; unsold inventory.

[H 1076]

Approved April 8, 2022

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3830 and 58.1-3832.1 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-3830. Local cigarette taxes authorized; use of dual die or stamp to evidence payment.

A. Any locality is authorized to levy taxes upon the sale or use of cigarettes. The governing body of any locality that levies a cigarette tax and permits the use of meter impressions or stamps to evidence its payment may authorize an officer of the local or joint enforcement authority to enter into an arrangement with the Department of Taxation under which a tobacco wholesaler who so desires may use a dual die or stamp to evidence the payment of both the local tax and the state tax, and the Department is hereby authorized to enter into such an arrangement. The procedure under such an arrangement shall be such as may be agreed upon by and between the authorized local or joint enforcement authority officer and the Department.

B. Any county cigarette tax imposed shall not apply within the limits of any town located in such county where such town now, or hereafter, imposes a town cigarette tax. However, if the governing body of any such town shall provide that a county cigarette tax, as well as the town cigarette tax, shall apply within the limits of such town, then such cigarette tax may be imposed by the county within such town.

C. The maximum tax rate imposed by a locality on cigarettes pursuant to the provisions of this section shall be as follows:

1. If such locality is (i) a city or town that, on January 1, 2020, had in effect a rate not exceeding two cents (\$0.02) per cigarette sold or (ii) a county, then the maximum rate shall be two cents (\$0.02) per cigarette sold.

2. If such locality is a city or town that, on January 1, 2020, had in effect a rate exceeding two cents (\$0.02) per cigarette sold, then the maximum rate shall be the rate in effect on January 1, 2020.

D. Any locality that increases its tax rate shall, for one calendar year after the increase, allow a person with unsold inventory to pay the tax increase on the unsold inventory by filing a return, rather than requiring the use of a stamp or meter impression. Such return shall identify the amount of unsold inventory, the amount of tax paid on such unsold inventory, and the amount of tax due as a result of the tax rate increase. Such return shall be due six calendar months after the effective date of the tax rate increase. For purposes of this subsection, "unsold inventory" means cigarettes held prior to the tax rate increase.

§ 58.1-3832.1. Regional cigarette tax boards.

A. As used in this section:

"Member locality" means a locality that elects to become a member of a regional cigarette tax board and have its local cigarette tax administered by the board.

"Region" means the group of localities for which the regional cigarette tax board administers local cigarette taxes.

"Regional cigarette tax board" means a board established by a group of at least six member localities pursuant to their powers under this article, Chapter 13 (§ 15.2-1300 et seq.) of Title 15.2, and the Regional Cooperation Act (§ 15.2-4200 et seq.), with the purpose of administering local cigarette taxes on a regional basis subject to the provisions of this section.

B. A regional cigarette tax board shall have the following duties:

1. Providing for the use of a uniform meter impression or stamp as evidence of payment of any local cigarette tax within the region.

2. Entering into an arrangement, on behalf of or in cooperation with its member localities, with the Department pursuant to the provisions of subsection A of § 58.1-3830, for the use of a dual die or stamp as evidence of payment of any applicable local and state tax.

3. Providing a single point of contact for a stamping agent authorized under this article or Chapter 10 (§ 58.1-1000) to remit local cigarette taxes due to any member locality.

4. Providing a discount to a stamping agent as compensation for accounting for the tax due under this article. The discount shall be in the amount of two percent of the tax otherwise due.

5. Distributing any local cigarette taxes collected by the board to the appropriate member locality.

6. Enforcing all local cigarette tax ordinances within the region.

7. Promoting uniformity of cigarette tax ordinances among its member localities.
8. To the extent possible, encouraging uniformity of cigarette tax rates among its member localities.
9. *Allowing persons with unsold inventory subject to tax increase to pay such increase by filing a return consistent with the provisions of subsection D of § 58.1-3830.*
10. Accomplishing any other purpose that helps promote the uniform administration of local cigarette taxes throughout the region.