

MEMO

To: TJPDC Commissioners
From: David Blount, Deputy Director
Date: April 1, 2021
Re: Regional Cigarette Tax Board

Purpose:

To inform the Commission of staff discussions and work with our member localities regarding the potential formation of a regional cigarette tax administration board.

Background:

The General Assembly approved, and the governor signed into law, two bills from the 2020 General Assembly session that provide counties with additional revenue-raising flexibility, though with some limitations. Additional authority was granted in the areas of admissions taxes, meals taxes, lodging taxes, and cigarette taxes, where the law allows new local cigarette taxes (on top of the state tax of 60 cents per pack) of up to 40 cents per pack, effective July 1, 2021. The measures cap cigarette taxes in cities and towns, which already had the authority to levy a tax on cigarettes, at current rates, if higher than 40 cents.

During the 2021 legislative session, [SB 1326](#), as introduced, would have required localities implementing a cigarette tax for the first time to be part of a regional board composed of at least 10 localities. Through the legislative process, the bill changed to encourage local cigarette stamping and tax collection through regional cigarette tax boards (of at least six localities) modeled on the Northern Virginia Cigarette Tax Board (NVCTB).

In discussion with member localities, TJPDC staff began examining how a regional cigarette tax board could function in the region. We worked with the City of Charlottesville to provide an information session for local staff on cigarette taxation in December. We have discussed logistics of such a board with the NVCTB and our legal counsel. In February, we convened local government staff to discuss formation of a regional cigarette tax board to administer cigarette taxes and to gauge interest in pursuing a regional approach. Recently, staff also has been working more closely with a smaller group that includes staff from Albemarle, Charlottesville, Fluvanna, Louisa and Orange counties.

Status: The TJPDC is continuing to work with member localities on the issues involved in setting up a regional approach to administering cigarette taxation. We anticipate providing some additional key information to member governments in the near future, to include background materials and a resolution of interest for consideration.