

Blue Ridge Cigarette Tax Board

March 2023



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Regional Cigarette Tax Board

Authority

- ❑ 2020 General Assembly: Legislation adopted to authorize local cigarette taxes in counties.
- ❑ 2021 General Assembly: Encourages cigarette stamping and tax collection through regional cigarette tax boards of at least six localities.
- ❑ Regional Boards guided by agreements that establish Board membership and powers, administrator duties, collection and disbursement of revenues, etc.

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Work to Establish a Regional Board

- ❑ Workgroup developed financial scenarios on projected sales/revenues, and administrative expenses/costs in requesting start-up funds.
- ❑ Following approval of agreements, Blue Ridge Cigarette Tax Board established October 2021. Members are: Albemarle, Augusta, Fluvanna, Greene, Madison, and Orange counties; Charlottesville; Town of Madison

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How It Works

- ❑ New local taxes levied effective Jan. 2022
- ❑ Work with about 25 distributors who submit monthly reports on sales and remit revenue, designated by jurisdiction, minus 2% discount
- ❑ TJPDC tracks/reconciles stamp purchases/pack sales/revenues collected on a monthly basis
- ❑ TJPDC distributes revenue to BRCTB members, net actual administrative costs and any adjustments on a monthly basis

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Cigarette Sales and Tax Revenue Generated

- January 2023 revenue: ~\$222,000
- July – December 2022: ~\$1.45 million
- Total packs sold (June – Dec): ~4.8 million
- Admin costs (June – Dec): ~\$50,000
- Of note: 1) packs sold leveling off; 2) revenues tracking slightly above initial (Sept 21) projections; 3) expenses tracking below initial projections

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What's New with the Board?

- Lowered distributor/registered agent application fee
- Adopted policies on financial obligations of any new members and adjusting packs/sold ratio monthly to determine administrative costs
- Agreed to investment strategy for reserve funds and account accruals
- Working with TAX on data MOU

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Compliance
Efforts are
Underway

- Goal is to use education and communication to work with retailers to ensure compliance before enforcement action takes place
- Compliance agent has visited over 110 retailers since September 2022
- Most retailers are in compliance or are working toward compliance
- Working through procedures to assist retailers who still have unstamped stock after the 90-day sell through period before enforcement actions take place

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BRCTB

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