



# Albemarle County

## Legislation Text

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**File #:** 21-261, **Version:** 1

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**AGENDA DATE:** 5/5/2021

**TITLE:**

Resolution of Interest in Participating in a Regional Cigarette Tax Administration Board

**SUBJECT/PROPOSAL/REQUEST:** Adopt a Resolution of Interest in Participating in a Regional Cigarette Tax Administration Board being pursued by the Thomas Jefferson Planning District Commission (TJPDC)

**ITEM TYPE:** Consent Action Item

**STAFF CONTACT(S):** Richardson, Kamptner, Bessette, Birch, Allshouse, L., Lin

**PRESENTER (S):** N/A

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Jeffrey B. Richardson

**BACKGROUND:** During the 2020 General Assembly session, Virginia counties received additional enabling authority, including the authority to levy taxes on the sale of cigarettes effective July 1, 2021. State legislation encourages local cigarette stamping and tax collection through regional cigarette tax boards and establishes a state-level taskforce to develop methods to modernize stamping and tax collection. Attachment A includes background materials on this legislation.

On December 2, 2020, the Board discussed this new enabling authority and recommended that staff move forward with a process to actively support the development of a regional board to administer cigarette taxes for this region of the state, and to consider this tax levy through an equity lens, to provide estimated revenue projections, and to schedule a public hearing in the future on an ordinance.

In recent months, Albemarle County has participated in several informational meetings with TJPDC staff and members of other jurisdictions about the possibility and feasibility of establishing a regional entity to administer this tax on behalf of its localities. Such a regional board likely would be modeled on the Northern Virginia Cigarette Tax Board, which serves 19 localities in that part of the state.

On March 22, 2021, during a FY 22 Budget Work Session, staff provided an update on the cigarette tax equity impact assessment, and provided information regarding TJPDC's discussions with member localities about the potential development of a Regional Cigarette Tax Board.

On April 1, 2021, the TJPDC's Board met and provided support for the TJPDC to continue its efforts to explore the development of a Regional Cigarette Tax Board with localities in the broader region.

**STRATEGIC PLAN:** Mission - To enhance the well-being and quality of life for all community members through the provision of the highest level of public service consistent with the prudent use of public funds.

**DISCUSSION:** A key part of TJPDC's mission is to lead development of solutions for the region's critical issues by helping member governments identify such issues and finding collaborative approaches to address them. A regional cigarette tax board would promote uniform administration of local cigarette taxes throughout the region.

The TJPDC is planning to have a legal framework for a regional cigarette tax board and its administration completed in the summer. To that end, the TJPDC requests that jurisdictions interested in becoming a member of a regional tax board adopt the attached Resolution demonstrating their interest in the formation of a regional cigarette tax board by the end of May 2021.

Prior to enacting the cigarette tax, the Board of Supervisors is required to hold a public hearing and adopt an Ordinance. The decision to become a member of a regional cigarette tax board would also require approval by the Board of Supervisors.

**BUDGET IMPACT:**

The FY 22 Proposed Budget includes an initial revenue assumption of \$516,000 if the County begins collection of a cigarette tax on January 1, 2022.

**RECOMMENDATION:**

Staff recommends that the Board adopt the attached Resolution (Attachment A).

**ATTACHMENTS:**

A - Background materials on cigarette tax legislation

B - Resolution of Interest in Participating in Regional Cigarette Tax Administration