



# Albemarle County

## Legislation Text

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**File #:** 21-423, **Version:** 1

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**AGENDA DATE:** 9/1/2021

**TITLE:**

Ordinance to Form a Regional Cigarette Tax Board

**SUBJECT/PROPOSAL/REQUEST:** Public hearing to consider the adoption of an Ordinance to form a regional cigarette tax board

**ITEM TYPE:** Regular Action Item

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

**PRESENTER (S):** Lori Allshouse

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Jeffrey B. Richardson

**BACKGROUND:** During the 2020 General Assembly session, Virginia counties received 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.

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

Albemarle County participated in several informational meetings with TJPDC staff and members of other local jurisdictions about establishing a regional entity to administer this tax.

On March 22, 2021, staff provided an update on the cigarette tax equity impact assessment, and provided information regarding TJPDC's discussions with area localities about the potential development of a regional cigarette tax board.

On May 5, 2021, the Board adopted a Resolution of Interest in participating in a regional cigarette tax board with the understanding that its establishment would promote the uniform administration of local cigarette taxes throughout the region. In addition to Albemarle, the following counties have adopted a Resolution of Interest to participate in a Regional Cigarette Tax Board: Augusta, Fluvanna, Greene, Madison, Nelson, and Orange. The City of Charlottesville is also considering participation.

These jurisdictions have met to discuss the role of a regional cigarette tax board, ways to share administrative costs, and a timeline of activities required to establish a regional board in FY 22. The regional board would be modeled on the Northern Virginia Cigarette Tax Board, which serves 19 localities.

On August 4, 2021, the Board reviewed a summary of the draft ordinance and agreement establishing a regional cigarette tax board and authorized scheduling a public hearing to consider the adoption of the ordinance on September 1.

TJPDC distributed the draft ordinance and agreement to the interested jurisdictions.

**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:** The ordinance to approve the formation of the Blue Ridge Cigarette Tax Board (Attachment A) and the Agreement (Attachment B) include updates by the Thomas Jefferson Planning District Commission based on feedback from the other jurisdictions and have been reviewed by the County Attorney's Office.

On September 15, staff will request that the Board schedule a public hearing to consider the adoption of an ordinance to amend County Code 15, Taxation, to implement the cigarette tax.

**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, after the public hearing, the Board adopt the Ordinance to form the Blue Ridge Cigarette Tax Board (Attachment A), which incorporates the Agreement (Attachment B).

**ATTACHMENTS:**

A - Ordinance to form a regional cigarette tax administration board

B - Cigarette Tax Administration Board Agreement