



Albemarle County

Legislation Text

File #: 21-453, **Version:** 1

AGENDA DATE: 9/15/2021

TITLE:

Schedule a Public Hearing to Consider the Adoption of an Ordinance to Implement a Cigarette Tax

SUBJECT/PROPOSAL/REQUEST: Schedule a public hearing to consider the adoption of an ordinance to amend County Code 15, Taxation, to implement a cigarette tax

ITEM TYPE: Consent Action Item

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

PRESENTER (S): N/A

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 because 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 September 1, 2021, the Board held a public hearing and adopted an ordinance to approve the formation of the Blue Ridge Cigarette Tax Board, which incorporated an agreement establishing the Board and defining its powers, duties, and other procedures.

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

DISCUSSION: Staff requests that the Board schedule a public hearing on October 20, 2021, 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 amend County Code 15, Taxation, to implement the cigarette tax. (Attachment A).

ATTACHMENTS:

A - Proposed Ordinance