



Albemarle County

Legislation Text

File #: 21-389, **Version:** 1

AGENDA DATE: 8/4/2021

TITLE:

Schedule a Public Hearing for the Adoption of an Ordinance to Form a Regional Cigarette Tax Board

SUBJECT/PROPOSAL/REQUEST: Authorization to schedule a public hearing for the adoption of an ordinance to form a regional cigarette tax board

ITEM TYPE: Consent Action Item

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

PRESENTER (S): N/A

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: During the 2020 General Assembly session, Virginia counties received enabling authority to levy taxes on the sale of cigarettes, effective July 1, 2021. That legislation encourages local cigarette stamping and tax collection through regional cigarette tax boards.

On December 2, 2020, the Board discussed this new enabling authority and recommended that staff move forward with a process to support the development of a regional board to administer cigarette taxes for this region, 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 to implement the tax.

Albemarle County participated in several informational meetings with the Thomas Jefferson Planning District Commission (TJPDC) staff and members of other jurisdictions about the possibility of establishing a regional entity to administer the cigarette tax on behalf of its member localities.

On March 22, 2021, during a Fiscal Year 2022 (FY 22) Budget Work Session, 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 administration board.

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

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

localities in that part of the state.

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 next step in the process is for jurisdictions that desire to form a regional cigarette tax board to schedule a public hearing to consider adopting an ordinance to form a regional tax board, adopt an ordinance, and enter into an operational agreement. Staff are currently working to draft the required ordinance and agreement. TJPDC staff will distribute these drafts to the jurisdictions that have expressed interest in forming a regional cigarette tax board for their review and comment. These documents will be provided to the Board prior to the public hearing.

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; however, no expenditures have been budgeted for this revenue at this time.

RECOMMENDATION:

Staff recommends that the Board schedule a public hearing on September 1, 2021, to consider adopting an ordinance to form a regional cigarette tax board.