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# **—ALERT—**

## **Capitol Contact**

Thursday, February 4, 2021

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### **Cigarette Taxing Authority Being Compromised – Call Senators to Oppose**

[SB 1326 \(Hanger\)](#) requires that any locality that was not already imposing a cigarette tax on January 1, 2021, must be a member of a regional cigarette tax board in order to impose the tax. A regional cigarette tax board is defined in the bill as encompassing at least 10 member localities. The bill was amended in Senate Finance and Appropriations on February 3 to allow localities that have taken certain steps (enacted an ordinance or adopted a resolution) by January 31, 2021, toward implementing a cigarette tax to impose the tax until January 1, 2026, without being a member of a regional board, after which time the locality would have to be part of a regional board in order to impose the tax.

While VACo appreciates the amendment, which acknowledges that some counties are in the process of implementing the new cigarette tax authority that was granted by the 2020 General Assembly and takes effect July 1, 2021, the bill remains overly prescriptive.

SB 1326 is on the Senate floor and its deadline for final passage is Friday, February 5. **VACo is opposed** to the bill in its current form. Please call your [Senator](#) and register concerns about SB 1326.

## KEY POINTS

- By requiring participation in a regional board, the bill limits counties' ability to exercise the new cigarette tax authority unless neighboring jurisdictions agree to participate as well.
- By specifying that a regional board must consist of at least 10 localities, the bill further limits counties' ability to exercise this authority. Regional discussions are underway in several parts of the state, but regional boards that are established in the near future are likely to have fewer than 10 members initially.
- Many counties are interested in establishing a regional entity to facilitate cigarette tax implementation, but a regional approach may be impractical for some counties. By requiring participation in a regional body in order to implement the tax, the bill would limit the cigarette tax authority before it takes effect.
- While regional boards may be a cost-effective solution for many localities, they will require some start-up funding to establish; member counties will need to provide up-front funding for costs such as staff salaries and benefits, rent and utilities for office space, office supplies, computer hardware or software, lease or purchase of a vehicle, tax stamps, and legal or other professional services costs associated with establishing the regional board.
- The committee amendment provides some flexibility for counties that were already planning to implement the cigarette tax, but the January 31 deadline for formal action is too stringent.

## KEY CONTACTS

[Senate of Virginia](#) – email entire Senate with one click

[Senate of Virginia Listing](#)

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