

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



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| Agenda Date: | October 17, 2022 |
| Action Required: | Adoption of ordinance (1 reading) |
| Presenter: | Todd Divers, Commissioner of the Revenue |
| Staff Contacts: | Lisa Robertson, City Attorney Javier Gomez Jacome, Attorney |
| Title: | To amend, re-ordain, and re-enact Chapter 30, Article 17 of the City Code (Cigarette Tax) (1 reading) |

Background

During the 2020 session of the General Assembly, Virginia counties were granted authority to levy taxes on cigarettes beginning on July 1, 2021. Further legislation adopted by the General Assembly that year declared that “it is the policy of the Commonwealth that, where practical, local cigarette stamping and tax collection is encouraged to be accomplished through regional cigarette tax boards”.

Thereafter, discussions began among a number of neighboring localities to consider the role of a possible regional cigarette tax board in Central Virginia, ways to share administrative costs, and a timeline of activities required to establish a Central Virginia regional board in FY22. Those discussions, facilitated by staff of the Thomas Jefferson Planning District, culminated in the creation of the Blue Ridge Regional Cigarette Tax Board (BRCTB), which is responsible for the collection of taxes on the sale of cigarettes and the subsequent distribution of those taxes to the member municipalities. Charlottesville City Council voted to join that Regional Board on October 4, 2021 with Commissioner of the Revenue, Todd Divers, serving as the City’s representative (#O-21-144).

Discussion

The City’s cigarette tax ordinance has not yet been updated to reflect the City’s membership in the BRCTB. The ordinance herein proposed is modeled largely on the ordinance adopted by the Northern Virginia Cigarette Tax Board’s member localities and has been promulgated to and adopted by the BRCTB’s various other member localities. It reflects and clarifies the administrative responsibilities and procedural obligations of all parties involved in the retail sale and distribution of cigarettes in the City of Charlottesville under the purview of the BRCTB, including the Board and its administrator(s).

The powers, procedures, and duties outlined in the proposed ordinance are in line with what would be expected of such a framework. They are very similar to the powers, procedures, and duties outlined for the administration of the City’s meals and transient occupancy taxes. As such, we recommend that Council adopt the ordinance.

Alignment with City Council's Vision and Strategic Plan

N/A

Community Engagement

N/A

Budgetary Impact

None

Recommendation

Approval of the amended ordinance. It is requested that City Council waive the requirement for a second reading of this ordinance, so that it may become effective immediately (a four-fifths vote is required, as noted in "Section 3" of the attached proposed ordinance.

Suggested Motion: "I move the ORDINANCE to amend, re-ordain and re-enact Chapter 30, Article 17 of the City Code (Cigarette Tax), to reflect the City's membership in the Blue Ridge Cigarette Tax Board."

Alternatives

None

Attachments

1. Ordinance #O-21-144
2. Proposed Cigarette Tax Ordinance