

**City of Alexandria, Virginia
FY 2023 Proposed Operating Budget & CIP
Budget Questions & Answers**

March 29, 2022

Question: On page 7.21 it says that the state maximum for the cigarette tax is “\$0.02 per cigarette or the rate in effect as of January 1, 2020, whichever is higher”. Given that our current rate of \$1.26 is \$0.063 per cigarette, do we actually have the ability to raise this tax ever again?

Response:

The City levies a tax on every person who sells, distributes, or uses cigarettes in the City. The last rate change occurred in FY 2017, when it was increased 11 cents from \$1.15 to \$1.26 per package of 20 cigarettes. The State limit on cigarette tax was added to VA code section § 58.1-3830 during the 2020 General Assembly session, at which time the State maximum was set at the rate in effect on January 1, 2020. For the City of Alexandria, the rate in effect at the time the State maximum was imposed was \$1.26 per package of 20 cigarettes. City Council may lower but not increase the cigarette tax rate above this rate. The current cigarette tax of \$1.26 per pack of cigarettes is projected to generate \$2.0 million in the FY 2023 Proposed Budget.