

**ADOPTED**

**MAY 11 2021**

Board of Supervisors  
James City County, VA

**ORDINANCE NO. 107A-70**

AN ORDINANCE TO AMEND AND REORDAIN CHAPTER 20, TAXATION OF THE CODE OF THE COUNTY OF JAMES CITY, VIRGINIA, TO LEVY A TAX ON THE SALE OR USE OF CIGARETTES BY ADDING NEW ARTICLE XI, CIGARETTE TAX, BY ADDING NEW SECTION 20-72, DEFINITIONS; SECTION 20-73, REGISTRATION REQUIRED; SECTION 20-74, LEVIED; AMOUNT; SECTION 20-75, METHOD OF PAYMENT; SECTION 20-76, PREPARATION AND SALE OF STAMPS; SECTION 20-77, GENERAL DUTIES OF DEALERS AND SELLERS; SECTION 20-78, VISIBILITY OF STAMPS OR METER MARKINGS; SECTION 20-79, ALTERING DESIGN OF STAMPS; SECTION 20-80, REFUND FOR UNUSED STAMPS OR METER IMPRINTS; SECTION 20-81, SEIZURE AND SALE OF UNSTAMPED CIGARETTES, OTHER PROPERTY; SECTION 20-82, SEIZURE AND SALE OF VENDING MACHINES AND COUNTERFEIT STAMP OR IMPRESSION DEVICES; SECTION 20-83, DEALERS' AND SELLERS' RECORDS; SECTION 20-84, RULES AND REGULATIONS FOR ENFORCEMENT AND ADMINISTRATION OF ARTICLE; EXAMINATION OF BOOKS, RECORDS, ETC.; SECTION 20-85, TAX IS IN ADDITION TO OTHER TAXES; SECTION 20-86, VIOLATIONS OF ARTICLE; SECTION 20-87, PROHIBITED ACTS ENUMERATED; AND SECTION 20-88, PRESUMPTION OF VIOLATION BY SELLER.

WHEREAS, 2020 House Bill 785, approved on April 22, 2020 and enacted as Chapter 1214 of the 2020 Virginia Acts of Assembly (the "Act"), amended various sections of the Virginia Code related to local taxing authority; and

WHEREAS, certain provisions of the Act related to cigarette taxes imposed by localities become effective on July 1, 2021; and

WHEREAS, the Board of Supervisors of the County of James City, Virginia, desires to adopt this Ordinance with an effective date of September 1, 2021 in order to provide for the orderly administration of a cigarette tax in James City County.

NOW, THEREFORE, BE IT ORDAINED by the Board of Supervisors of the County of James City, Virginia, that Chapter 20, Taxation, is hereby amended and reordained by adding Article XI, Cigarette Tax, by adding Section 20-72, Definitions; Section 20-73, Registration required; Section 20-74, Levied; amount; Section 20-75, Method of payment; Section 20-76, Preparation and sale of stamps; Section 20-77, General duties of dealers and sellers; Section 20-78, Visibility of stamps or meter markings; Section 20-79, Altering design of stamps; Section 20-80, Refund for unused stamps or meter imprints; Section 20-81, Seizure and sale of unstamped cigarettes, other property; Section 20-82, Seizure and sale of vending machines and counterfeit stamp or impression devices; Section 20-83, Dealers' and sellers' records; Section 20-84, Rules and regulations for enforcement and administration of article; examination of books, records, etc.; Section 20-85, Tax is in addition to other taxes; Section 20-86, Violations of article; Section 20-87, Prohibited acts enumerated; and Section 20-88, Presumption of violation by seller.

#### ***Chapter 20 - Taxation***

#### ***Article XI. Cigarette Tax***

#### ***Sec. 20-72. Definitions.***

*The following words and phrases, when used in this article, shall, for the purposes of this article, have the following respective meanings except where the context clearly indicates a different meaning:*

*Cigarette means any roll of any size or shape for smoking, whether filtered or unfiltered, with or without a mouthpiece, made wholly or partly of cut, shredded or crimped tobacco or other plant or substitute for tobacco, whether it is flavored, adulterated or mixed with another ingredient, if the wrapper or cover is made of any material other than leaf tobacco or homogenized leaf tobacco, regardless of whether the roll is labeled or sold as a cigarette or by any other name.*

*Commissioner of revenue means the commissioner of revenue of the county and any of his or her duly authorized deputies and agents.*

*Dealer means every manufacturer, jobber, wholesale dealer, or other person who supplies a seller with cigarettes.*

*Package means any container, regardless of the material used in its construction, in which separate cigarettes are placed without such cigarettes being placed into any container within the package. Packages are those containers of cigarettes from which individual cigarettes are ordinarily taken when they are consumed by their ultimate user. Ordinarily, a package contains twenty (20) cigarettes; however, the term "package" includes those containers in which fewer or more than twenty (20) cigarettes are placed.*

*Person means any individual, partnership, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals.*

*Purchaser means every person to whom title to any cigarettes is transferred by a seller within the jurisdictional limits of the county.*

*Sale means every act or transaction, irrespective of the method or means employed, including the use of vending machines and other mechanical devices, whereby title to any cigarettes is transferred from the seller to any other person within the jurisdictional limits of the county.*

*Seller means every person who transfers title to any cigarettes or in whose place of business title to any cigarettes is transferred, within the jurisdictional limits of the county, for any purpose other than resale.*

*Stamp means a small gummed piece of paper or decal to be sold by the commissioner of revenue and to be affixed to every package of cigarettes sold at retail in the county, and also any insignia or symbols printed by meter machine upon any such package under the authorization of the commissioner of revenue.*

*Treasurer means the treasurer of the county and any of his or her duly authorized deputies and agents.*

**Sec. 20-73. Registration required.**

*Each distributor, wholesaler, vendor, retailer, or other person selling, storing, or possessing cigarettes within or transporting cigarettes within or into the county for sale or use shall first register with the commissioner of revenue. The application form, which shall be supplied upon request, shall require such information relative to the nature of the business engaged in by the applicant as the commissioner of revenue deems necessary for the administration and enforcement of this article. Any applicant whose place of business and residence is outside the county shall automatically, by filing the application and such sale, storage, possession, transportation, or distribution of cigarettes, submit themselves to the county's legal jurisdiction and appoint the County Administrator as his agent for any service of lawful process. A copy of any such process served on the County Administrator shall be sent forthwith by registered mail to the distributor, wholesaler, vendor, retailer, or other person.*

**Sec. 20-74. Levied; amount.**

*There is hereby levied and imposed by the county, upon each and every sale of cigarettes, an excise tax of two (2) cents per cigarette, or forty (40) cents per package of twenty (20) cigarettes sold within the county, the amount of such tax to be paid by the seller, if not previously paid, in the manner and at the time provided for in this article.*

**Sec. 20-75. Method of payment.**

- (a) *The tax imposed by this article shall be paid by affixing or causing to be affixed a stamp or stamps, of the proper denominational or face value, to each and every package of cigarettes sold within the county, in the manner and at the time or times provided for in this article. Every dealer and every seller in the county, once registered, shall have the right to buy such stamps from the commissioner of revenue and to affix the same to packages of cigarettes as provided in this article.*
- (b) *The commissioner of revenue may permit the payment in advance of the tax levied and imposed by this article by the method of placing imprints of the stamps upon original packages by the use of meter machines, in lieu of the method of paying such tax by the purchase and affixing of gummed stamps, and may prescribe and enforce the necessary regulations setting forth the method to be employed and the condition to be observed in the use of such meter machines.*

**Sec. 20-76. Preparation and sale of stamps.**

*For the purpose of making stamps available for use, the commissioner of revenue shall prescribe, prepare and sell stamps of such denominations and in such quantities as may be necessary for the payment of the taxes imposed by this article. In the sale of such stamps, the commissioner of revenue shall allow a discount of five (5) percent to cover the costs that will be incurred in affixing the stamps to packages of cigarettes. In the event the printing by an authorized meter machine is used in lieu of gummed stamps, there shall be allowed a discount of six (6) percent of the denominational or face value of the imprints of such stamps so printed by such meter machine to cover the costs incurred in printing such imprints.*

**Sec. 20-77. General duties of dealers and sellers.**

- (a) *Every dealer in cigarettes is hereby required and it shall be his duty to purchase such stamps, at the office of the county commissioner of revenue, as shall be necessary to pay the tax levied and imposed by this article, and to affix or cause to be affixed a stamp or stamps of the monetary value prescribed by this article to each package of cigarettes prior to delivery or furnishing of such cigarettes to any seller. Nothing herein shall preclude any dealer from using a stamp meter machine in lieu of gummed stamps to effectuate the provisions of this article.*
- (b) *Every seller shall examine each package of cigarettes prior to exposing the same for sale, for the purpose of ascertaining whether such package has the proper stamps affixed thereto or imprinted thereon, as provided by this article. If, upon such examination, unstamped or improperly stamped packages of cigarettes are discovered, the seller, where such cigarettes were obtained from a dealer, shall immediately notify such dealer, and upon such notification, such dealer shall forthwith either affix to or imprint upon such unstamped or improperly stamped packages the proper amount of stamps, or shall replace such packages with others to which stamps have been properly affixed or imprinted thereon.*
- (c) *Should a seller obtain or acquire possession of, from any person other than a dealer, any unstamped or improperly stamped cigarettes, such seller shall forthwith, before selling or offering or exposing such cigarettes for sale in the county, purchase and affix or cause to be affixed to such packages of cigarettes the proper stamps, or the markings of a meter machine, covering the tax imposed by this article.*
- (d) *In the event any seller elects to purchase and affix stamps or imprints of a meter machine, before offering cigarettes for sale, any dealer delivering and furnishing cigarettes to such seller shall not be required to purchase and affix such stamps or imprints to such cigarettes so sold or furnished; provided that any such dealer shall, on the day after such delivery and furnishing, file with the commissioner of revenue a copy of the delivery memorandum showing the name and address of the seller and the quantity and type of cigarettes so delivered and furnished.*
- (e) *All cigarette vending machines shall be plainly marked with the name, address and telephone number of owner of the machine and, if different from the owner, the name, address and telephone number of the seller or dealer responsible for supplying the cigarettes contained within the vending machine.*

**Sec. 20-78. Visibility of stamps or meter markings.**

*Stamps or the printed markings of a meter machine shall be placed upon each package of cigarettes in such manner as to be readily visible to the purchaser. Cigarettes shall be placed in vending machines so as to allow visual inspection of the stamp through the viewing areas as provided for by the vending machine manufacturer.*

**Sec. 20-79. Altering design of stamps.**

*The commissioner of revenue may, from time to time, and as often as he or she may deem advisable, provide for the issuance and exclusive use of stamps of a new design and forbid the use of stamps of any other design.*

**Sec. 20-80. Refund for unused stamps or meter imprints.**

- (a) *Should any person, after acquiring from the commissioner of revenue any stamps provided for in this article, cease to be engaged in a business necessitating the use thereof, or should any such stamps become mutilated and unfit for use, other than by cancellation as provided in this article, such person shall be entitled to a refund of the denominational or face amount of any stamps so acquired and not used by him, less five (5) percent of the denominational or face amount thereof, upon presenting such stamps to the commissioner of revenue and furnishing the commissioner of revenue with an affidavit showing, to his or her satisfaction, that such stamps were acquired by such person and have not in any manner been used and the reason for requesting such refund. In the case of any authorized meter machine, should any imprints of such machine theretofore paid for not be used, such person shall, upon furnishing the commissioner of revenue with a similar affidavit, be entitled to a refund of the denominational or face amount thereof, less six (6) percent of the denominational or face amount of such imprints of such machine not so used.*
- (b) *All refunds for unused and mutilated stamps and for nonuse of imprints of stamps by meter machines provided for under this section are hereby authorized to be made on vouchers approved by the commissioner of revenue and, when made, the same shall be charged against the sums collected for the sale of such stamps and for the use of such imprints.*

**Sec. 20-81. Seizure and sale of unstamped cigarettes, other property.**

- (a) *Whenever the commissioner of revenue shall discover cigarettes in quantities of more than six (6) cartons within the county that are subject to the tax imposed by this article and upon which the tax has not been paid, or upon which stamps have not been affixed, or are without evidence of such tax shown thereon by the printed markings of an authorized meter machine, as this article requires, such cigarettes shall be conclusively presumed for sale or use within the county and the commissioner of revenue may forthwith seize and confiscate such cigarettes if:*
  - (1) *They are in transit, and are not accompanied by a bill of lading or other document indicating the true name and address of the cosigner or seller and of the cosigner or purchaser, and the brands and quantity of cigarettes so transported; or are in transit and accompanied by a bill of lading or other document which is false or fraudulent in whole or in part; or*
  - (2) *They are in transit and are accompanied by a bill of lading or other documents indicating:*



- a. *A consignee or purchaser in another state or the District of Columbia who is not authorized by the law of such other jurisdiction to receive or possess such tobacco products on which the taxes imposed by such other jurisdiction have not been paid, and unless the tax of the state or district of destination has been paid and the said products bear the tax stamp of that state or district; or*
  - b. *A consignee or purchaser in the Commonwealth but outside the county who does not possess a Virginia sales and use tax certificate, a Virginia retail tobacco license and where applicable, both a business license and retail tobacco license issued by the local jurisdiction of destination; or*
- (3) *They are not in transit and the tax has not been paid, nor have approved arrangements for payment been made, provided that this subsection shall not apply to cigarettes in the possession of distributors or public warehouses which have filed notice and appropriate proof with the commissioner of the revenue that those cigarettes are temporarily within the county and will be sent to consignees or purchasers outside the county in the normal course of business.*
- (b) *All cigarettes and other property, other than motor vehicles, used in the furtherance of any evasion of the tax imposed by this article, seized and confiscated according to subsection (a) of this section shall thereupon be deemed to be forfeited to the county and may be disposed of by sale or other method deemed appropriate by the commissioner of revenue within a reasonable time thereafter. Notice of such seizure shall be given to known holders of property interests, if any, by certified mail at least seven (7) days before the date of sale. Such notice shall contain the time and place at which the sale is to occur and procedures for administrative appeal as well as affirmative defenses which may be asserted by such holders. All moneys collected under this section shall be paid to the county treasurer and treated as other taxes collected under this article. No credit from any sale or other disposition shall be allowed toward any tax or penalties owed.*

**Sec. 20-82. Seizure and sale of vending machines and counterfeit stamp or impression devices.**

- (a) *Any coin-operated vending machine, in which any cigarettes are found, stored, or possessed bearing a counterfeit or false tobacco tax stamp or impression, or any unstamped cigarettes, or any cigarettes upon which the tax has not been paid, may be declared contraband property and be subject to confiscation and sale as provided in section 20-81(b). When any such vending machine is found containing such cigarettes, it shall be presumed that such cigarettes were intended for distribution, sale, or use therefrom. In lieu of immediate seizure and confiscation of any vending machine used in an illegal evasion of the tax, it may be sealed by appropriate enforcement authorities to prevent continued illegal sale or removal of any cigarettes, and may be left unmoved until other civil and criminal penalties are imposed or waived. Notice requirements shall be the same as if the machine had been seized. Such seal may be removed and the machine declared eligible for operation only by authorized enforcement authorities. The removal of the seal from a vending machine by any unauthorized person shall be in violation of this article. Nothing in this section shall prevent seizure and confiscation of a vending machine at any time after it is sealed.*
- (b) *Any counterfeit stamps or counterfeit impression devices found may also be seized and confiscated.*

**Sec. 20-83. Dealers' and sellers' records.**

*It shall be the duty of every dealer and seller to maintain and keep, for a period of two (2) years, records of cigarettes sold and delivered as may be required by the commissioner of revenue, and to make all such records available for examination by such commissioner of revenue, upon demand, at any and all reasonable times.*

**Sec. 20-84. Rules and regulations for enforcement and administration of article; examination of books, records, etc.**

- (a) *The commissioner of revenue may prescribe, adopt, promulgate, and enforce rules and regulations relating to the method and means to be used in the cancellation of stamps and to all other matters pertaining to the administration and enforcement of the provisions of this article. It shall be unlawful for any person to fail, neglect, or refuse to comply with such rules and regulations.*
- (b) *The commissioner of revenue may examine books, records, invoices, papers, and any and all cigarettes in and upon any premises where the same are placed, stored, sold, offered for sale or displayed for sale by a seller or dealer.*

**Sec. 20-85. Tax is in addition to other taxes.**

*The tax levied and imposed by this article shall be in addition to all other taxes of every kind levied and imposed by any other ordinance or law.*

**Sec. 20-86. Violations of article.**

- (a) *Any person violating any of the provisions of this article shall be guilty of a Class 1 misdemeanor and required to pay the following, as applicable:*
  - (1) *Penalty of ten (10) percent per month for late payment calculated from the day such tax became due;*
  - (2) *Penalty of fifty (50) percent of any tax found to be overdue and unpaid for any act or failure to act constituting fraud or evasion of the payment of any tax imposed by this article; and*
  - (3) *Interest not to exceed three quarters of one percent per month upon any tax found to be overdue and unpaid.*
- (b) *Each violation of, or event of noncompliance with, any of the provisions of this article shall be and constitute a separate offense and shall subject every person convicted thereof to the penalties prescribed. Conviction and payment of a fine or penalties for such violation shall not relieve any person from the payment of any tax imposed by this article.*
- (c) *Any cigarettes, vending machines, counterfeit stamps, or other property found in violation of this article shall be declared contraband goods and may be seized by the commissioner of revenue. In addition to any tax due, the dealer or other person liable for the tax possessing such untaxed cigarettes shall be subject to civil and criminal penalties herein provided.*

**Sec. 20-87. Prohibited acts enumerated.**

*It shall be unlawful and a violation of this article for any person:*

- (1) *To perform any act, or fail to perform any act, for the purpose of evading the payment of any tax imposed by this article or of any part thereof; or for any dealer or seller, with intent to violate any provision of this article, to fail or refuse to perform any of the duties imposed upon him under the provisions of this article or to fail or refuse to obey any lawful order which the commissioner of revenue may issue under this article.*
- (2) *To falsely or fraudulently make, forge, alter, or counterfeit any stamp or the printed markings of any meter machine or to procure or cause to be made, forged, altered, or counterfeited any such stamp or printed markings of a meter machine or to knowingly and willfully alter, publish, pass, or tender as true any false, altered, forged, or counterfeited stamp or stamps or printed markings of a meter machine.*
- (3) *To sell any cigarettes upon which the tax imposed by this article has not been paid and upon which evidence of payment thereof is not shown on each package of cigarettes.*
- (4) *To reuse or refill with cigarettes any package from which cigarettes, for which the tax imposed has been theretofore paid, have been removed.*
- (5) *To remove from any package any stamp or the printed markings of a meter machine with intent to use or cause the same to be used after the same have already been used, or to buy, sell or offer for sale or give away any used, removed, altered, or restored stamps or printed markings of a meter machine to any person, or to reuse any stamp or printed markings of a meter machine which had previously been used for evidence of the payment of any tax prescribed by this article, or, except as to the commissioner of revenue, to sell or offer to sell any stamps or printed markings of a meter machine provided for in this article.*

**Sec. 20-88. Presumption of violation by seller.**


- (a) *In the event any package of cigarettes is found in the possession of a seller, without the proper stamps being affixed thereto or without authorized printed markings of a meter machine thereon, and the seller being unable to submit conclusive evidence establishing that such package was received within the immediately preceding forty-eight (48) hours and that has not been offered for sale, the presumption shall be that such package is being kept by such seller in violation of the provisions of this article and shall subject such seller to the penalties provided for such violation.*
- (b) *Any cigarettes placed in any vending machine located within the county shall be presumed for sale within the county. Any vending machine located within the county containing cigarettes upon which the stamp has not been affixed or containing cigarettes placed so as not to allow visual inspection of the stamp through the viewing areas as provided for by the vending machine manufacturer shall be presumed to contain untaxed cigarettes in violation of this article.*

BE IT FURTHER ORDAINED by the Board of Supervisors of the County of James City Virginia, that  
the Commissioner of Revenue is authorized to enter into an arrangement with the




Department of Taxation under which a tobacco wholesaler who so desires may use a dual die or stamp to evidence the payment of both the county and the state tax.

BE IT FURTHER ORDAINED by the Board of Supervisors of the County of James City, Virginia that this ordinance shall be effective September 1, 2021.

  
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Michael J. Hipple  
Chairman, Board of Supervisors

ATTEST:

  
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Teresa J. Fellows  
Deputy Clerk to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
SADLER	<u>Absent</u>	—	—
ICENHOUR	<u>✓</u>	—	—
LARSON	<u>✓</u>	—	—
MCLENNON	<u>✓</u>	—	—
HIPPLE	—	<u>✓</u>	—

Adopted by the Board of Supervisors of James City County, Virginia, this 11th day of May, 2021.

Ch20-CigTax-ord