

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. Patron Emily M. Jordan

3. Committee Agriculture, Conservation and Natural Resources

4. Title Excise tax on peanuts; sunset extended

2. Bill Number SB 302

House of Origin:

Introduced

Substitute

Engrossed

Second House:

In Committee

Substitute

Enrolled

5. Summary/Purpose:

This bill would extend from July 1, 2026, to July 1, 2031, the sunset date for the excise tax on all peanuts grown in Virginia.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates are: Preliminary (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation (“the Department”) considers this bill as routine and does not require additional funding.

This legislation does not require significant changes to the Department’s systems and is not impacted by the Integrated Revenue Management System (IRMS) replacement project. No resource constraints or implementation considerations are anticipated.

Revenue Impact

This bill would have no impact on Peanut Fund revenues because the extension of sunset dates on tax provisions are generally assumed in the revenue forecast.

9. Specific agency or political subdivisions affected:

Department of Taxation

Department of Agriculture and Consumer Services

Virginia Peanut Board

10. Technical amendment necessary: No

11. Other comments:

Background

The Peanut Excise Tax is levied on peanuts grown in and sold in the Commonwealth for processing. The processor is liable for payment of the tax on all peanuts purchased. A processor is defined as any person, individual, corporation, partnership, trust, association, cooperative and any and all other business units, devices and arrangements that clean, shell or crush peanuts.

Beginning July 1, 2010, the Peanut Excise Tax was imposed at a rate of \$0.30 per 100 pounds. The tax rate prior to July 1, 2010 was \$0.15 per 100 pounds. On July 1, 2016, the tax rate was set to revert to \$0.15 per 100 pounds. Legislation passed in 2016 extended the expiration date of the current \$0.30 per 100 pounds rate of the Peanut Excise Tax from July 1, 2016 to July 1, 2021. Legislation passed during the 2021 General Assembly, Special Session I, reduced the tax rate to \$0.25 per 100 pounds and extended the expiration date from July 1, 2021, to July 1, 2026. All revenue from the Peanut Excise Tax is deposited into the Peanut Fund. The tax is a semi-annual tax with returns due and payable on July 10 and February 15.

The Peanut Fund is a special nonreverting fund used solely for the purposes of paying the costs of collecting the tax levied on peanuts and the administration of the Virginia Peanut Board. The Virginia Peanut Board was created to plan and conduct campaigns for education, advertising, publicity, sales promotion, and research regarding Virginia peanuts. The Virginia Peanut Board may cooperate with other state, regional, and national agricultural and peanut organizations in research, advertising, publicity, education, and other means of promoting the sale and use of peanuts and may expend moneys of the Peanut Fund for such purposes.

Proposal

This bill would extend from July 1, 2026, to July 1, 2031, the sunset date for the excise tax on all peanuts grown in Virginia.

If enacted during the 2026 General Assembly Session, this bill would become effective July 1, 2026.

cc : Secretary of Finance

Date: 01/20/2026 AB
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