

# LEGAL SERVICES

## DIVISION OF LEGAL AND RESEARCH SERVICES LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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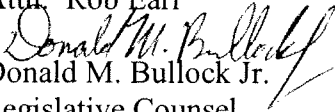
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

### MEMORANDUM

April 9, 2009

**SUBJECT:** Sectional Summary for CSHB 188(HSS), Draft Version "N"  
(Work Order No. 26-LS0714\N)

**TO:** Representative Bob Herron  
Co-Chair of the House Health and Social Services Committee  
Attn: Rob Earl

**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Amends AS 37.05.580(a) to authorize the deposit of 25 percent of the annual revenue from the tax on moist snuff tobacco into the tobacco use education and cessation fund.

**Section 2.** Amends AS 43.50.070(b) to exclude a buyer required to be licensed under AS 43.50.320(a) (amended in sec. 7 of the bill) from the definition of "licensee."

**Section 3.** Amends AS 43.50.300 by adding additional situations in which the excise tax on tobacco products is levied. In addition to the situations in current law, the tax would be levied when a person ships a tobacco product to an individual in the state for personal consumption and when a person brings a tobacco a product into the state for personal consumption.

**Section 4.** Amends AS 43.50.300 by adding a new subsection that lists the tax rates for the excise tax on tobacco products. The rates are \$1.88 an ounce for moist snuff tobacco other than spitless moist snuff tobacco; 100 percent of the wholesale price on spitless moist snuff tobacco, and 75 percent of the wholesale price on other tobacco products.

**Section 5.** Amends AS 43.50.300(b), which would be enacted by sec. 4 of the bill, to tax moist snuff tobacco at the same rate as tobacco products other than spitless moist snuff

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tobacco. Under sec. 19 of the bill, this section takes effect three years after the effective date of sec. 4 of the bill.

**Section 6.** Adds a new section, AS 43.50.305, that describes how certain tobacco products must be packaged for sale.

**Section 7.** Repeals and reenacts AS 43.50.320(a) to add the requirement that a person that brings tobacco products into the state for personal consumption must be licensed as a buyer. The section continues to require distributors to be licensed.

**Section 8.** Amends AS 43.50.320(b) to require the Department of Revenue to issue a license to a buyer after receiving an application and the payment of a fee of \$25.

**Section 9.** Amends AS 43.50.320(d) to require certain information to be stated on a distributor license.

**Section 10.** Amends AS 43.50.320(e) to provide for the renewal of a buyer license.

**Section 11.** Amends AS 43.50.330(a) to add additional reporting requirements. The new requirements require the disclosure of the wholesale or purchase price of the tobacco products, the tax imposed on moist snuff tobacco other than spitless moist snuff tobacco, and the tax imposed on spitless moist snuff tobacco. (After the effective date of sec. 5, a report of the tax on moist snuff tobacco, other than spitless moist snuff tobacco, would still be needed for the purpose of determining the amount of revenue to be deposited into the tobacco use education and cessation fund; a portion of all revenue from the tax on all moist snuff tobacco is to be deposited into that fund regardless of the tax rate applicable to the different categories of moist snuff tobacco.)

**Section 12.** Repeals and reenacts AS 43.50.350 to designate the allocation of the tax collected on moist snuff tobacco between the tobacco use education and cessation fund (25%) and the general fund (75%). The tax on other tobacco products continues to be deposited in the general fund.

**Section 13.** Amends AS 43.50.390(1) by amending the definition of "distributor" to include a person that ships a tobacco product into the state for personal consumption.

**Section 14.** Amends AS 43.50.390(2) to include a "buyer" in the definition of "licensee."

**Section 15.** Amends the definition for "tobacco product" in AS 43.50.390(4) by stating that snuff tobacco includes moist snuff tobacco, and by adding other products that contain tobacco or nicotine. Excludes from the definition certain approved products used as a tobacco use cessation or harm reduction product or for other medical purposes, so long as the product is being marketed and used solely for the approved purposes.

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**Section 16.** Amends AS 43.50.390 by adding definitions for "buyer," "moist snuff tobacco," "smokeless tobacco," and "spitless moist snuff tobacco."

**Section 17.** Amends AS 43.70.110 by adding a definition of "cigarette" for the purposes of the business license endorsement.

**Section 18.** Provides that secs. 1 - 4 and 6 - 17 of the Act are applicable on the first day of the month immediately following the effective date of the section. Provides that sec. 5 of the Act is applicable on the first day of the month immediately following the effective date of sec. 5. (Tobacco taxes are reported on a monthly basis.)

**Section 19.** Makes sec. 5 take effect three years after the effective date of sec. 4 of the Act.

**Section 20.** Except for sec. 19 of the Act, provides that the Act take effect immediately.

DMB:ljw

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