

HOUSE BILL NO. 431

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Introduced: 1/19/96

Referred: Health, Education and Social Services, State Affairs, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to taxes on cigarettes and tobacco products; and providing for
2 an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 43.50.190(a) is amended to read:

5 (a) **On** [THERE IS LEVIED AN EXCISE TAX OF 12 MILLS ON] each
6 cigarette imported or acquired in this state, **there is levied an excise tax at the**
7 **following rates:**

8 **(1) on and after the effective date of this Act and through June 30,**
9 **1999 - 62 mills;**

10 **(2) after June 30, 1999, and through June 30, 2002 - 74 mills;**

11 **(3) after June 30, 2002, and through June 30, 2005 - 86 mills; and**

12 **(4) after June 30, 2005 - 86 mills plus an additional 12 mills during**
13 **each succeeding three-year period, the increase to be effective on the first day of**
14 **the succeeding three-year period.**

1 * **Sec. 2.** AS 43.50.190 is amended by adding a new subsection to read:

2 (c) At the time of a change in the amount of tax under (a) of this section, the
3 department shall give public notice of the change. The department shall also provide
4 notification of the change to all persons licensed under this chapter.

5 * **Sec. 3.** AS 43.50.300 is amended to read:

6 Sec. 43.50.300. **EXCISE TAX LEVIED.** An excise tax is levied on tobacco
7 products in the state at the rate of 100 [25] percent of the wholesale price of the
8 tobacco products. The tax is levied when a person

9 (1) brings, or causes to be brought, a tobacco product into the state
10 from outside the state for sale;

11 (2) makes, manufactures, or fabricates a tobacco product in the state
12 for sale in the state; or

13 (3) ships or transports a tobacco product to a retailer in the state for
14 sale by the retailer.

15 * **Sec. 4.** AS 43.50 is amended by adding a new section to read:

16 Sec. 43.50.365. **TAX ADJUSTMENT.** (a) The amount in AS 43.50.300
17 changes, as provided in this section, according to and to the extent of changes in the
18 Consumer Price Index for all urban consumers for the Anchorage Metropolitan Area
19 compiled by the Bureau of Labor Statistics, United States Department of Labor. The
20 index for January of 1997 is the reference base index.

21 (b) The amounts change on July 1 of each even-numbered year in an amount
22 equal to the percentage of change, calculated to the nearest whole percentage point,
23 between the index for January of that year and the most recent index used to change
24 the amount in AS 43.50.300. However, the amounts do not change if the amounts
25 required by this section are those currently in effect as a result of earlier application
26 of this section.

27 (c) If the index is revised, the percentage of change is calculated on the basis
28 of the revised index. If a revision of the index changes the reference base index, a
29 revised reference base index is determined by multiplying the reference base index
30 applicable by the rebasing factor furnished by the United States Bureau of Labor
31 Statistics. If the index is superseded, the index referred to in this section is the one

1 represented by the Bureau of Labor Statistics as reflecting most accurately changes in
2 the purchasing power of the dollar for Alaskan consumers.

3 * **Sec. 5.** AS 43.50 is amended by adding a new section to read:

4 Sec. 43.50.380. NOTICE. At the time of a change in the amount of the tax
5 under AS 43.50.365, the department shall promptly give public notice of the change.
6 The department shall also provide notification of a change to all persons licensed under
7 this chapter.

8 * **Sec. 6.** This Act takes effect October 1, 1996.