

SENATE BILL NO. 13

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATORS SHARP, Ellis

Introduced: 1/13/97

Referred: HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to taxes on cigarettes and tobacco products, and to the use of
2 the proceeds of those taxes; and providing for an effective date."

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

4 * **Section 1.** LEGISLATIVE INTENT. It is the intent of the legislature that, of the tax
5 revenue derived

6 (1) from the amendment to the cigarette tax made by sec. 2 of this Act, the
7 amount obtained be deposited into the school fund (AS 43.50.140) and used as required by
8 that section for state support of elementary and secondary education;

9 (2) from the amendment contingently made to the cigarette tax by sec. 4 of this
10 Act, subject to appropriation, the amount obtained be expended for state support of elementary
11 and secondary education; and

12 (3) from the amendment made to the tobacco tax by sec. 5 of this Act, subject
13 to appropriation, the amount obtained be used to establish and maintain an aggressive anti-
14 tobacco campaign targeting children, to be administered by the Department of Health and

1 Social Services, and be used to establish and maintain a program of pass-through grants to
 2 municipalities to detect and prosecute those who sell or otherwise supply tobacco to children,
 3 to be administered by the Department of Public Safety.

4 * **Sec. 2.** AS 43.50.090(a) is amended to read:

5 (a) There is levied an excise tax of 52 1/2 [TWO AND ONE-HALF] mills on
 6 each cigarette imported or acquired in the state. Each licensee shall, at the time of
 7 filing the return required by AS 43.50.080, pay to the department the excise for the
 8 calendar month covered by the return, deducting one percent of the total tax due,
 9 which the licensee shall retain to cover the expense of accounting and filing returns.
 10 Cigarettes upon which the excise is imposed are not again subject to the excise when
 11 acquired by another person.

12 * **Sec. 3.** AS 43.50.090(a) is amended to read:

13 (a) There is levied an excise tax of two and one-half [52 1/2] mills on each
 14 cigarette imported or acquired in the state. Each licensee shall, at the time of filing
 15 the return required by AS 43.50.080, pay to the department the excise for the calendar
 16 month covered by the return, deducting one percent of the total tax due, which the
 17 licensee shall retain to cover the expense of accounting and filing returns. Cigarettes
 18 upon which the excise is imposed are not again subject to the excise when acquired
 19 by another person.

20 * **Sec. 4.** AS 43.50.190(a) is amended to read:

21 (a) There is levied an excise tax of 62 [12] mills on each cigarette imported or
 22 acquired in this state.

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

24 **Sec. 43.50.300. Excise tax levied.** An excise tax is levied on tobacco products
 25 in the state at the rate of 100 [25] percent of the wholesale price of the tobacco
 26 products. The tax is levied when a person

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

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

31 (3) ships or transports a tobacco product to a retailer in the state for

1 sale by the retailer.

2 * **Sec. 6.** CONDITIONAL EFFECT OF CERTAIN SECTIONS. Sections 3 and 4 of this
3 Act take only if

4 (1) a court enters a final judgment that the amendment made to
5 AS 43.50.090(a) by sec. 2 of this Act changing the rate of taxation on cigarettes violates the
6 prohibition set out in art. IX, sec. 7, Constitution of the State of Alaska, against dedication of
7 the proceeds of a state tax or license; and

8 (2) either the time for appeal of that judgment expires or, if an appeal is taken,
9 the court enters a final order on appeal that AS 43.50.090(a), as amended by sec. 2 of this
10 Act, violates art. IX, sec. 7, Constitution of the State of Alaska.

11 * **Sec. 7.** Sections 1, 2, and 5 of this Act take effect October 1, 1997.

12 * **Sec. 8.** If secs. 3 and 4 of this Act take effect under sec. 6 of this Act, they take effect
13 on the later of (1) the date a court enters a final judgment that the amendment made to
14 AS 43.50.090(a) by sec. 2 of this Act changing the rate of taxation on cigarettes violates the
15 prohibition set out in art. IX, sec. 7, Constitution of the State of Alaska, against dedication of
16 the proceeds of a state tax or license, and (2) the expiration of any time for appeal of that
17 judgment, or upon entry of a final order on the appeal that AS 43.50.090(a), as amended by
18 sec. 2 of this Act, violates art. IX, sec. 7, Constitution of the State of Alaska. The attorney
19 general shall promptly notify the lieutenant governor and the revisor of statutes of a judgment
20 described in this section.