

HB

308

NB 308

Tape #

23

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Date

4/3

4/17

"An Act relating to tobacco taxation; and providing for an effective date."

3/18/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker:

Date _____

The Committee on COMMERCE has had HB 304

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(-) recommends it BE REPLACED WITH CS FOR 5306 AND THAT

CS FOR 1137 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: no APC

[Signature] recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

MEMORANDUM

State of Alaska

TO: Sterling Gallagher
Commissioner of Revenue

DATE: March 11, 1975

FILE NO:

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TELEPHONE NO:

FROM: Frederick P. Boetsch
Deputy Commissioner
Department of Revenue

FPB

SUBJECT: Proposed Increase in the
Cigarette Tax

A bill has been proposed which would increase the cigarette tax from four mils to six mils on each cigarette. It also levies a tobacco product tax of 35% of the wholesale price of tobacco products. The incidence of this tax will fall upon the consumer of tobacco products. The tax will increase by about four cents per pack of cigarettes. While we are not certain how much this will translate in terms of the retail price of cigarettes we can assume that it will be at least five cents per pack. In the past we note that cigarette companies have increased the price of cigarettes merely upon the introduction of a tax increase bill. This tax has not been raised for several years and at the present time the state is well below the National Average 12¢ per package.

This tax will bring us in line with that National Average.

In addition, this bill provides a mechanism whereby the dedicated portion of the tax can be distributed to school districts as a part of the total school construction costs. At the present time the taxes collected under that provision of our statute are used in computing the 50% sharing. Under this proposal, that money will be shared in addition to the 50%.

The increased revenues anticipated as a result of this bill for FY 76 - 80 are as follows:

Projected Increases in Revenues
(\$000 Omitted)

<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
<u>2340.3</u>	<u>2621.7</u>	<u>2936.4</u>	<u>3288.6</u>	<u>3683.5</u>

We anticipate no increase in administrative costs as a result of this bill.

FPB:lw

STATE CIGARETTE TAX RATES - JULY 1, 1974

<u>STATE</u>	<u>¢ PER PACK</u>
Alabama	12.0 ¢
Alaska	8.0 ¢
Arizona	13.0 ¢
Arkansas	17.75¢
California	10.0 ¢
Colorado	10.0 ¢
Connecticut	21.0 ¢
Delaware	14.0 ¢
District of Columbia	6.0 ¢
Florida	17.0 ¢
Georgia	12.0 ¢
Hawaii	9.0 ¢
Idaho	9.1 ¢
Illinois	12.0 ¢
Indiana	6.0 ¢
Iowa	13.0 ¢
Kansas	11.0 ¢
Kentucky	3.0 ¢
Louisiana	11.0 ¢
Maine	16.0 ¢
Maryland	6.0 ¢
Massachusetts	16.0 ¢
Michigan	11.0 ¢
Minnesota	18.0 ¢
Mississippi	9.0 ¢
Missouri	9.0 ¢
Montana	12.0 ¢
Nebraska	13.0 ¢
Nevada	10.0 ¢
New Hampshire	11.0 ¢
New Jersey	19.0 ¢
New Mexico	12.0 ¢
New York	15.0 ¢
North Carolina	2.0 ¢
North Dakota	11.0 ¢
Ohio	15.0 ¢
Oklahoma	13.0 ¢
Oregon	9.0 ¢
Pennsylvania	18.0 ¢
Rhode Island	13.0 ¢
South Carolina	6.0 ¢
South Dakota	12.0 ¢
Tennessee	13.0 ¢
Texas	18.5 ¢
Utah	8.0 ¢
Vermont	12.0 ¢
Virginia	2.5 ¢
Washington	16.0 ¢
West Virginia	12.0 ¢
Wisconsin	16.0 ¢
Wyoming	8.0 ¢

SUMMARY OF PRECEDING TABLE OF CIGARETTE TAX RATES, ETC.

CIGARETTE TAXES BY RATES -- JULY 1, 1974

<u>TAX RATES</u>	<u>No. OF STATES</u>
2.0 ¢	1
2.5 ¢	1
3.0 ¢	1
6.0 ¢	4
8.0 ¢	3 (including Alaska)
9.0 ¢	2
9.1 ¢	1
10.0 ¢	3
11.0 ¢	5
12.0 ¢	9
13.0 ¢	6
14.0 ¢	1
15.0 ¢	2
16.0 ¢	4
17.0 ¢	1
17.75¢	1
18.0 ¢	2
18.5 ¢	1
19.0 ¢	1
21.0 ¢	<u>2</u>
	51

GENERAL INFORMATION

- 7 States have lower cigarette tax rates than does Alaska
- 3 States have the same cigarette tax rate as does Alaska
- 41 States have higher cigarette tax rates than does Alaska
- 22 States have a tax on tobacco products (cigars, etc.)
- 29 States including Alaska do not have a tax on tobacco products (cigars, etc.)

SOURCE OF STATISTICS

Commerce Clearing House Tax Service

STATE CIGARETTE TAX RATES & TAXATION OF TOBACCO PRODUCTS
AND DISCOUNTS ALLOWED WHOLESALERS FOR COLLECTION OR AFFIXING
INDICIA AS OF JULY 1, 1974

STATE	CIGARETTE TAX PER PACK OF 20	DISCOUNT RATE FOR WHOLESALERS	MONETARY DISCOUNT ON CASE 600 PACKS	TOBACCO PRODUCTS TAX ON CIGARS, etc.
Alabama	12 ¢	7.5 %	\$ 5.40	Yes
Alaska	8 ¢	1.0 %	0.48	No
Arizona	13 ¢	2.0 %	3.12 - 1.56	Yes
Arkansas	17.75 ¢	3.8 %	2.907- 4.047	Yes
California	10 ¢	0.85%	0.51	No
Colorado	10 ¢	4.0 %	2.40	No
Connecticut	21 ¢	1.0 %	1.26	No
Delaware	14 ¢	3.5-3/10 of 1¢ pk	1.80 - 2.31	Yes
Dist. of Columbia	6 ¢	6.0 %	2.16	No
Florida	17 ¢	2.0- 2.9 %	1.80 - 2.61	No
Georgia	12 ¢	3.0 %	1.44 - 2.16	Yes
Hawaii	40%*	-0-	-0-	Yes
Idaho	9.1 ¢	5.0 %	2.73	Yes
Illinois	12 ¢	0.67-1.67%	0.48 - 1.20	No
Indiana	6 ¢	4.0 %	1.44	No
Iowa	13 ¢	3.0 -3.50%	2.10 - 2.34	Yes
Kansas	11 ¢	3.25-3.75%	2.145- 2.475	Yes
Ketucky	3 ¢	6.0 %	1.08	No
Louisiana	11 ¢	6.0 %	3.96	Yes
Maine	16 ¢	2.5 %	2.40	No
Maryland	6 ¢	5.0 %	1.80	No
Massachusetts	16 ¢	1.67%	1.60	No
Michigan	11 ¢	1.0 %	0.66	No
Minnesota	18 ¢	1.5- 2.5 %	1.62 - 2.70	Yes
Mississippi	11 ¢	8.0	5.28	Yes
Missouri	9 ¢	2.0	1.08	No
Montana	12 ¢	8.0 %**	4.32	Yes
Nebraska	13 ¢	5.0	3.90	No
Nevada	10 ¢	4.0	2.40	No
New Hampshire	11 ¢	3.5 %	2.31	Yes
New Jersey	19 ¢	1.46%	1.66	No
New Mexico	12 ¢	2.0- 4.0 %	1.44 - 2.88	No
New York	15 ¢	0.98-1.16%	0.882- 1.044	No
North Carolina	2 ¢	7/24¢ a stamp	1.75	No
North Dakota	11 ¢	3.0 %	1.98	Yes
Ohio	15 ¢	3.0- 3.11%	1.80 - 2.80	No
Oklahoma	13 ¢	4.0 %	3.12	Yes
Oregon	9 ¢	1.67 mills (pack)	1.90	No
Pennsylvania	18 ¢	3.0 %	3.24	No
Rhode Island	13 ¢	2.0 %	1.56	No
South Carolina	6 ¢	5.0 %	1.50	Yes
South Dakota	12 ¢	3.5 %	2.52	No
Tennessee	13 ¢	1.75- 2.75%	1.365- 2.145	Yes
Texas	18.5 ¢	2.75%	5.0525	Yes
Utah	8 ¢	4.0 %	1.92	Yes
Vermont	12 ¢	3.2	2.304	Yes
Virginia	2.5 ¢	5.0 %	.75	No
Washington	16 ¢	1.682 on 11¢	1.11	Yes
West Virginia	12 ¢	4.0 %	2.88	No
Wisconsin	16 ¢	2.1 %	2.016	No
Wyoming	8 ¢	6.0 %	2.88	No

* The Hawaii rate is a percentage of wholesale price (equates to 12¢ per pack).

**Montana applicable to first 9¢ only.