

**HB**

**80**

# Alaska State Legislature

Al Adams  
District L

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3707

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OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3245

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3111 C Street  
Anchorage, Alaska 99503  
(907) 561-7622

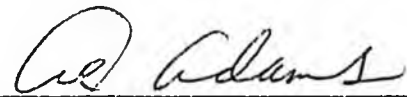
Official Business

## LETTER ON INTENT

### SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

#### ON C&RA CS FOR HOUSE BILL 80

The Community and Regional Affairs Committee, in moving the C&RA Committee Substitute for House Bill 80, acknowledges concern with the disparity and lack of uniformity that may occur with municipal tax rates on cigarettes if this legislation is passed. Consideration should be given to setting a cap on the cigarette taxes levied by municipalities so that the structure surrounding tax against this particular consumption item conforms with other municipal tax situations that experience limitations.



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Senator Al Adams, Chair  
Community and Regional  
Affairs Committee

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: S CS HB 80 (C & RA)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act Increasing the Excise  
Tax on Cigarettes  
Sponsor: Ellis and Koponen  
Requestor: (H)HESS Committee

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>3600.0</b>	<b>3492.0</b>	<b>3492.0</b>	<b>3492.0</b>	<b>3492.0</b>	<b>3492.0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: See attached.

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320  
Date: April 27, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: April 27, 1989

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

CS HB 80  
Prepared by:  
Steven E. Kettel  
Income and Excise Audit Divison  
Department of Revenue  
April 27, 1989

Analysis of Senate CS:

The Senate version will reduce the amount of the tax hike from 15 mills as was passed in the house to 9 mills. This reduction will lower anticipated revenues by approximately \$5500.0 in FY91. We continue to forecast a 3% decline in consumption for FY90 through FY95.

	<u>PRESENT LAW</u>	<u>SCS HB 80</u>
TAX RATE	8 mills/cigarette	11 1/2 mills
TAX PER PACK	20¢/pack	23¢/pack
TAX COLLECTIONS	\$8.6 million	\$12.4/million

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 80 (HESS)  
PUBLISH DATE: HOUSE 3/15/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act Increasing the Excise  
Tax on Cigarettes  
Sponsor: Ellis and Koponen  
Requestor: (H)HESS Committee

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>9128.7</b>	<b>8854.8</b>	<b>8854.8</b>	<b>8854.8</b>	<b>8854.8</b>	<b>8854.8</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: See attached.

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320  
Date: March 9, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: March 9, 1989

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

March 9, 1989

Analysis

1. Assumes effective date of legislation is July 1, 1989.
2. Total cigarette consumption has fallen six percent per year for the three year period ending in FY88. Forecasts under present law assume consumption will drop three percent in FY89 and FY90, then remain level through FY94.
3. The increase in cigarette prices due to the higher tax will reduce consumption. It is estimated that the quantity of cigarettes sold will fall by three percent from the level presently forecast.
4. Revenues to the School Fund will decrease by about \$72,000 each year as that tax rate is not changed by the proposed legislation.

Comment

The latest information indicates that Alaska ranks somewhere in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

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WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3704

# ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP

CHAIR  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

SPECIAL COMMITTEE ON  
FOREIGN & DOMESTIC TRADE

## REPRESENTATIVE JOHNNY ELLIS

BACK UP FOR CSHB 80

INCREASING THE EXCISE TAX ON CIGARETTES

presented to

Senate Community and Regional Affairs Committee

April 27, 1989

- 
- 1) CSHB 80: "An Act Increasing the Excise Tax on Cigarettes"
  - 2) Department of Revenue Fiscal Note
  - 3) Chart: Effect of CSHB 80
  - 4) Legal Services analysis of HB 80 increase
  - 5) History of Alaska's Cigarette Tax
  - 6) Cigarette Taxes - Rates, Incidence, Payment, Reports (state-by-state analysis of tax rates)

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STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CS HB 80  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

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PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
<b>CAPITAL</b>						
	0	0	0	0	0	0
<b>REVENUE</b>						
	9128.7	8854.8	8854.8	8854.8	8854.8	8854.8

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: See attached.

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320  
Date: March 9, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

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Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
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CS HB 80  
March 9, 1989

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3. The increase in cigarette prices due to the higher tax will reduce consumption. It is estimated that the quantity of cigarettes sold will fall by three percent from the level presently forecast.
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Comment

The latest information indicates that Alaska ranks somewhere in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

EFFECT OF CSHB 80

CURRENT LAW

UNDER CSHB80

MILL RATE PER  
CIGARETTE  
dedicated to  
School Fund

AS 43.50.090 = 2.5 MILLS

AS 43.50.090 = 2.5 MILLS  
(NO CHANGE)

MILL RATE PER  
CIGARETTE  
collected for  
General Fund

AS 43.50.190 = 5.5 MILLS

AS 43.50.190 = 15.0 MILLS  
(9.5 MILL INCREASE)

COMBINED MONETARY EFFECT ON EACH  
20 cigarette  
pack 16 CENTS

35 CENTS  
(19 CENT INCREASE)

There are currently two separate excise taxes levied on cigarettes. Taxes collected under AS 43.50.090, which precludes the prohibition against dedicated funds, are deposited in the School Fund. Taxes collected under AS 43.50.190 are deposited in the General Fund. CSHB 80 amends AS 43.50.190 and increases General Fund revenues.

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STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

MEMORANDUM

March 7, 1989

SUBJECT: CSHB 80 (HESS)

TO: Representative Johnny Ellis, Chair  
House Health, Education and Social Services  
Committee  
ATTN: Jim Nordlund

FROM: Jack Chenoweth  
Legislative Counsel

Recent reports to the contrary notwithstanding, the committee substitute has the effect of raising the tax on cigarettes from 16 to 35 cents per pack:

Current law:

Imposed under AS 43.50.090 (dedicated fund)	2.5 mills*
Imposed under AS 43.50.190	5.5 mills*
Total	8.0 mills*

\* rate per cigarette:

8.0 mills x 20 cigarettes per pack = 160 mills per pack  
10 mills = 1 cent therefore 160 divided by 10 = 16 cents per pack

Proposed under CSHB 80 (HESS):

Imposed under AS 43.50.090	2.5 mills*
Imposed under AS 43.50.190	15.0 mills*
Total	17.5 mills*

\* rate per cigarette:

17.5 mills x 20 cigarettes per pack = 350 mills per pack  
10 mills = 1 cent therefore 350 divided by 10 = 35 cents per pack

JC:gc  
WKG7/112

## HISTORY OF THE CIGARETTE TAX ACT

In 1949, the Territorial Legislature enacted the "Alaska Tobacco Tax Act" (Attachment A). Cigarettes, cigars, tobacco and snuff were taxed at various rates, and the resultant revenues were to be paid into a fund entitled the "School Fund," and were "...to be used for the exclusive purpose of rehabilitation, construction, and repair of Alaska's school facilities." (5)

In 1955, the Territorial Legislature repealed the tobacco tax, replacing it with the "Cigarette Tax Act" (Attachment B). Under this tax, an excise tax of 2.5 mills was levied on each cigarette imported or acquired within Alaska. The proceeds from the tax, as well as any fees and penalties, were to be paid into the "School Fund." As the prior act had specified, the new act required that these funds be used exclusively for school construction and repair. In addition, the new act specified that the funds could be used for the costs of insurance on school buildings during the period that the building was being rehabilitated, constructed or repaired.

Four years later, the Territory of Alaska became a state. The Alaska Constitution prohibited the dedication of state revenues to any special purpose except when required by the federal government for state participation in federal programs and except for those dedications existing prior to

ratification of the constitution by the people of Alaska.<sup>1</sup> Alaska Constitution, Article 9, Section 7 (Attachment C). Dedication of the 2.5 mill tax on cigarettes to the School Fund had occurred in 1955, prior to ratification of the constitution (1956) and was, therefore, a "grandfathered" dedication.<sup>2</sup>

In 1961, the legislature levied an additional tax on cigarettes of 1.5 mills. The revenue from this additional tax went to the general fund. In 1985, this tax was raised to 5.5 mills. Thus, there is currently an eight mill tax on cigarettes. Per pack, the tax is 16 cents. The current Cigarette Tax Act is Attachment D.

#### REVENUES FROM THE CIGARETTE TAX

Table 1 shows the cigarette tax rate and revenue from 1949 to 1987. In FY 87, total revenue from the cigarette tax were \$9.9 million. Of this revenue, \$3.2 million was dedicated to the School Fund, and \$6.6 million was general fund revenues.

#### DISTRIBUTION OF DEDICATED CIGARETTE TAX REVENUES

The legislature annually appropriates funds from the School Fund to the Department of Education, and the Department of Education is responsible for disbursing these cigarette tax proceeds to school districts for school construction. During the early 1980s, the appropriation was generally \$2.0 million to \$2.5 million. In FY 87, the appropriation was increased to \$3.5 million.

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<sup>1</sup>This section of the constitution was amended in 1977 to allow dedication of certain oil and gas revenues to the Permanent Fund.

<sup>2</sup>The other dedicated funds are described in the attached House Research Memorandum 85.319 "Dedicated Revenue Funds."

TABLE 1  
CIGARETTE TAX RATE AND REVENUE, 1949 - 1987

YEAR	CIGARETTE TAX RATE (CENTS PER PACK)			CIGARETTE TAX REVENUE (\$1,000)			NOTES:
	DEDICATED TAX	ADDITIONAL TAX	TOTAL	DEDICATED TAX	ADDITIONAL TAX	TOTAL	
49	5	0	5	299.8	0.0	299.8	1949--Tobacco Tax Act enacted. Tax levied on all types of tobacco products at varying rates. Receipts deposited in the School Fund and dedicated to school construction.
50	5	0	5	442.6	0.0	442.6	
51	5	0	5	643.1	0.0	643.1	
52	5	0	5	808.6	0.0	808.6	
53	5	0	5	825.1	0.0	825.1	
54	5	0	5	825.5	0.0	825.5	
55	5	0	5	1,015.8	0.0	1,015.8	1955--Tobacco Tax Act repealed and replaced with the Cigarette Tax Act. Tax of 2.5 mills levied on cigarettes. Receipts deposited in the School Fund.
56	5	0	5	1,127.0	0.0	1,127.0	
57	5	0	5	1,041.6	0.0	1,041.6	
58	5	0	5		0.0		
59	5	0	5		0.0		1959--Statehood. Dedicated taxes, except for those existing prior to ratification of the constitution, prohibited.
60	5	0	5		0.0		
61	5	0	5		0.0		
62	5	3	8				1961--Additional tax of 1.5 mills levied on cigarettes. Receipts deposited in the general fund.
63	5	3	8				
64	5	3	8				
65	5	3	8	1,303.1	781.9	2,085.0	
66	5	3	8	1,638.1	982.9	2,621.0	
67	5	3	8	1,530.0	918.0	2,448.0	
68	5	3	8	1,576.3	945.8	2,522.0	
69	5	3	8	1,643.8	986.3	2,630.0	
70	5	3	8	1,694.4	1,016.6	2,711.0	
71	5	3	8	1,854.4	1,112.6	2,967.0	
72	5	3	8	2,015.0	1,209.0	3,224.0	
73	5	3	8	2,015.0	1,209.0	3,224.0	
74	5	3	8	2,143.8	1,286.3	3,430.0	
75	5	3	8	2,521.1	1,511.6	4,032.7	
76	5	3	8	2,883.7	1,733.6	4,617.3	
77	5	3	8	3,033.0	1,817.7	4,850.7	
78	5	3	8	2,886.6	1,740.6	4,627.2	
79	5	3	8	2,756.5	1,654.0	4,410.5	
80	5	3	8	2,679.7	1,602.8	4,282.5	
81	5	3	8	2,837.0	1,714.7	4,551.7	
82	5	3	8	3,067.0	1,827.0	4,894.0	
83	5	3	8	3,306.0	2,000.0	5,306.0	
84	5	3	8	3,391.0	2,000.0	5,391.0	
85	5	3	8	3,295.0	2,000.0	5,295.0	1985--Additional tax raised to 5.5 mills.
86	5	11	16	2,833.0	4,938.2	7,771.2	
87	5	11	16	3,239.0	6,657.2	9,896.2	

SOURCE: Alaska Department of Revenue.

1. Revenue from the dedicated portion of the tax are deposited in the "School Fund" and are available for appropriation to the Department of Education for the exclusive purpose of school construction.
2. Revenue from the additional tax are deposited in the general fund and may be appropriated for any purpose.

Prepared by the House Research Agency, February 1988, (88.173).

COMMENT:

The latest information indicates that Alaska ranks somewhere in the bottom one-third among states that levy a tax on cigarettes. The highest tax is assessed by Minnesota at 38 cents per pack and the lowest by North Carolina at 2 cents per pack. The state of Alaska levies 16 cents per pack on cigarettes. There are thirty-five states that levy a higher rate than Alaska.

11-15-88

CIGARETTE TAXES—RATES, INCIDENCE, PAYMENT, REPORTS

§286 The main features of the state taxes on cigarettes are given in the chart below. If incidence of the tax is on consumer, tax will be deductible on income tax returns in some states (by law). It isn't deductible under IRC, nor in state law with current Fed.

RATE PER PACK OF 20	INCIDENCE	PAYMENT METHOD	MONTHLY REPORT REQUIREMENTS (Who, when and to whom)
ALA. 16.5¢ (5)	Stamps	Consumer(13)	Wholesaler jobber, 20th. Dept. Rev.
ALASKA 16¢	Seller	Reports	Licenses, last day, Tax Commr.
ARIZ. 15¢	Seller	Report	Distributor, 1st. Dept. Rev.
ARK. 21¢	Seller	Stamps(1)	Distributor, 10th. Dept. Fin. & Adm.
CALIF. 35¢ (eff. 1-1-89; was 10¢)	Consumer(13)	Stamps(2)	Distributor, 25th. State Eq. Bd.
COLO. 20¢	Seller	Stamps	Wholesaler, 10th (eff 7-1-88; was 20th); Dept. R
CONN. 26¢	Consumer	Stamps	Distributor (4), 15th, Commr. Rev. Serv.
DEL. 14¢	Consumer	Stamps	Wholesaler, agent, 20th. Dir. Rev.
D.C. 17¢	Seller(14)	Stamps	Wholesaler, retailer, 15th. Dept. Fin. & Rev.
FLA. 24¢ (11)	Seller	Stamps	Agent, 10th, Tax Dept.
GA. 12¢	Distributor	Stamps	Distributor, 10th. Commr. Rev.
HAW. 40¢(6)	Seller	Stamps	Wholesaler, retailer, last day, Dept. Tax.
IDA. 18¢	Seller	Stamps	Wholesaler, 15th, Tax Comm.
ILL. 20¢ (16)	Seller	Report	Distributor (7), 15th. Dept. Rev.
IND. 15.5¢	Consumer	Stamps	Distributor, 15th (8), ARC
IOWA 34¢ (31¢ eff 7-1-89)	Seller	Stamps	Permittees, 20th. Dept. Rev. & Fin.
KAN. 24¢	Seller	Stamps	Wholesaler, 10th, Dir. Tax.
KY. 3¢	Consumer	Stamps	Wholesaler, 20th. Cabinet Rev.
LA. 16¢	Seller	Stamps	Dealer, 15th, Soc'y Rev. & Tax.
ME. 28¢	Consumer	Stamps	Distributor, 10th. Bur. Rev.
MD. 13¢	Seller	Stamps	Distributor, 20th. Comptr.
MASS. 26¢	Consumer(13)	Stamps	Distributor, 20th. Commr. Rev.
MICH. 25¢	Seller	Report	Licenses, 20th. Dept. Treas.
MINN. 38¢	Seller	Report	Distributor, 25th. Dept. Rev.
MISS. 18¢	Consumer(13)	Stamps	Distributor (9), 15th. Tax Comm.
MO. 23¢ (5)	Consumer	Stamps	Wholesalers, 20th. Dept. Rev.
MONT. 16¢	Consumer	Stamps	Interstate Carriers, (no fixed dates), Dept. Rev.
NEB. 27¢	Consumer	Stamps	Retailer, wholesaler, 10th. Tax Comm.
NEV. 20¢ (15¢ eff 6-1-89)	Seller	Stamps	Wholesaler, 15th (15), Div. Tax.
N.H. 17¢	Consumer	Stamps	(Monthly reports not required)
N.J. 27¢	Consumer	Stamps	Distributor, 20th. Dir. Tax.
N.M. 15¢	Seller	Stamps	Distributor, 25th. Tax. & Rev. Dept.
N.Y. 21¢ (17)	Consumer	Report	Agent, 15th. Dept. Tax. & Fin.
N.Y.C. 8¢ (17)	Consumer	Stamps	Agent, 15th. Comm. Fin.
N.C. 2¢	Consumer	Stamps	Distributor, 20th. Soc'y Rev.
N.D. 27¢	Seller	Stamps	Distributor, quarterly (10), Tax Comm.
OHIO 18¢	Consumer	Stamps	Dealer, 1-31 & 7-31, Tax Comm.
OKLA. 23¢	Consumer	Stamps	Wholesaler, retailer, 10th. Tax Comm.
ORE. 27¢	Consumer	Stamps	Distributor, 20th (reports; payment, quarterly), Dept. Rev.
PA. 18¢	Consumer	Stamps	Dealer, 10th. Dept. Rev.
R.I. 27¢ (eff 7-1-88; was 25¢)	Consumer	Stamps	Dealer, distributor, 10th. Tax Admr.
S.C. 7¢	Seller	Stamps	(Monthly reports not required)
S.D. 23¢	Consumer	Stamps	Distributor, wholesaler, 15th. Dept. Rev.
TENN. 13¢	Consumer	Stamps	Distributor, 15th. Dept. Rev.

RATE PER PACK OF 20	INCIDENCE	PAYMENT METHOD	MONTHLY REPORT REQUIREMENTS (Who, when and to whom)
TEX. 26¢	Consumer	Stamps	Distributor, 30th. Compr. Pub. Accts.
UTAH 23¢	Seller	Stamps	(Monthly reports not required)
VT. 17¢	Seller	Stamps	Distributor, wholesaler, 15th. Comm. Taxes
VA. 2.5¢ (3)	Seller	Stamps	Wholesaler, storgr, 10th. Dept. Tax.
WASH. 31¢	Consumer	Stamps	Wholesaler, retailer, 15th. Dept. Rev.
W.VA. 17¢	Consumer	Stamps	Wholesaler, 15th. Tax Dept.
WIS. 30¢	Consumer	Stamps	Mfg. wholesalers, 15th. Dept. Rev.
WYO. 8¢	Consumer	Stamps	Wholesaler, 20th. Dept. Rev. & Tax.

**FOOTNOTES** to chart (corresponding to numbers in parentheses in the chart):

- (1) Payment with report for stamps purchased on consignment.
- (2) Payment with report for tax not paid by stamp or meter.
- (3) City taxes are also in effect in some cities.
- (4) Machine dealer and operator with over 5 machines, report on 15th.
- (5) City and county taxes may be levied.
- (6) Wholesale price is basis.
- (7) Manufacturer reports on 5th.
- (8) Report drop shipment on 15th.
- (9) Wholesaler and manufacturers also report.
- (10) 10th of Jan., Apr., July, and Oct.; monthly reports may be allowed.
- (11) State tax is net after credit for 16¢ Fed excise tax.
- (12) (Reserved)
- (13) Not deductible on state return.
- (14) Deductible on state return.
- (15) Metered stamping machine report by 10th.
- (16) Cook Cty. has added 5¢ tax per pack.
- (17) Added \$ 23¢ (2¢ in N.Y.C) per 5 cigarettes if pack over 20 cigarettes.

Original sponsors: Ellis, Koponen,  
and M. Davis

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 80 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the excise tax on cigarettes, and  
7 authorizing municipalities to levy and collect taxes  
8 on the retail sale of cigarettes and tobacco products  
9 without limitation."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 29.45.650(a) is amended to read:

12 (a) Except as provided in (f) and (g) of this section, a borough  
13 may levy and collect a sales tax not exceeding six percent on sales,  
14 rents, and on services provided in the borough. The sales tax may  
15 apply to any or all of these sources. Exemptions may be granted by  
16 ordinance.

17 \* Sec. 2. AS 29.45.650 is amended by adding a new subsection to read:

18 (g) The limitation on the rate of levy specified in (a) of this  
19 section does not apply to taxes imposed on sales of cigarettes and  
20 tobacco products at retail. For purposes of this subsection,

21 (1) "cigarette" has the meaning given in AS 43.50.170;

22 (2) "tobacco product" has the meaning given in AS 43.50.-

23 390.

24 \* Sec. 3. AS 43.50.190(a) is amended to read:

25 (a) There is levied an excise tax of 9 [FIVE AND ONE HALF] mills  
26 on each cigarette imported or acquired in this state.

P.O. Box 1287  
Kotzebue, Alaska 99752

*Martha  
What ever  
A*

18 April 1989

Senator Al Adams  
P.O. Box V  
Juneau, Alaska 99801

Dear Senator Adams:

This letter is in support of House Bill 80, which would increase the cigarette tax to 35 cents a pack, and House Bill 141, which would require the licensing of tobacco retailers in Alaska.

Both these bills have passed the Alaska House of Representatives by wide margins and now sit in the state Senate's Community and Regional Affairs Committee, of which you are chairman. It is essential that you either schedule hearings on these bills as soon as possible or pass them out of your committee, waiving the public testimony.

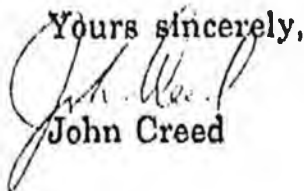
Both bills will help young people in your district from getting hooked on tobacco products. Studies show that the purchase of tobacco products by young people is price-sensitive; in other words, when the price goes up, tobacco consumption by minors goes down. If they don't get hooked, they may not die painful, premature deaths later on. Your actions this week will have a big impact on that.

As for the tobacco licensing bill, this will help deter young Alaskans from purchasing tobacco so easily, which continues to be a problem across the state, including in Kotzebue. Local police tell us that the licensing of tobacco retailers would "give us something to pull" if some local retailers continue selling tobacco products to minors.

You may have received constituent letters asking you not to support the increase in Alaska's cigarette tax. Please remember that last fall, local members of the American Lung Association of Alaska met with you in your Kotzebue office, where they lobbied your endorsement of the lung association's legislative recommendations for this legislative session. The American Lung Association of Alaska supports H. B. 80 and H. B. 141. At that same meeting, you received a petition, with some 75 signatures gathered in your region, that support this session's legislation on tobacco products.

Please either schedule or waive hearings on these bills. Thank you.

Yours sincerely,

  
John Creed