

**SB**

**13**

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Increase Tobacco Taxes BRU: Revenue Operations  
 Component: Income and Excise Audit  
 Sponsor: Senator Sharp  
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	30.0	30.0	30.0	30.0	30.0	30.0
TRAVEL	0.5	0.5	0.5	0.5	0.5	0.5
CONTRACTUAL	6.5	1.5	1.5	1.5	1.5	1.5
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	4.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>41.5</b>	<b>32.5</b>	<b>32.5</b>	<b>32.5</b>	<b>32.5</b>	<b>32.5</b>
CAPITAL EXPENDITURES						
<b>CHANGE IN REVENUES</b>	<b>22,048.0</b>	<b>33,072.0</b>	<b>33,072.0</b>	<b>33,072.0</b>	<b>33,072.0</b>	<b>33,071.0</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	41.5	32.5	32.5	32.5	32.5	32.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>41.5</b>	<b>32.5</b>	<b>32.5</b>	<b>32.5</b>	<b>32.5</b>	<b>32.5</b>

Estimate of any current year (FY97) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Brett Fried, Economist Phone: 465-3682  
 Division: Income and Excise Audit Division Date: April 7, 1997  
 Approved by Commissioner: Wilson L. Condon Date: April 7, 1997  
 Agency: Department of Revenue

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**Alaska Department of Revenue**  
***Income and Excise Audit Division***

Increase Tobacco Taxes  
CSSB 13(FIN)  
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**BILL ANALYSIS**

**Section 1** discusses legislative intent.

**Section 2** increases the School Fund portion of the cigarette tax rate by \$ .71 per pack of 20; from 2.5 mills per cigarette (\$.05 per pack) to 38 mills per cigarette (\$.76 per pack). Combining this rate with the 12 mills per cigarette (\$.24 per pack) levied under AS 43.50.190, which goes to the General Fund, the total tax rate on a pack of cigarettes would increase from \$.29 to \$1.00. Additionally changes the percent that the licensee can deduct to cover expenses from 1 to four-tenths of one percent of the tax due.

**Section 3** This section only takes effect if section 2 of this act is ruled unconstitutional (see section 8). If so, the statute would be amended back to how it was prior to the bill passage.

**Section 4** This section only takes effect if section 2 is ruled unconstitutional (see section 8). If so, this section increases the General Fund portion of the cigarette tax rate by \$.71 per pack of 20; from 12 mills per cigarette (\$.24 per pack) to 47.5 mills per cigarette (\$.95 per pack). Combining this rate with the 2.5 mills per cigarette (\$.05 per pack) levied under AS 43.50.090, which is dedicated to the School Fund, the total tax rate on a pack of cigarettes would increase from \$.29 to \$1.00.

**Section 5** increases the tobacco products tax rate from 25% to 75% of the wholesale price of the tobacco products.

**Section 6** provides for the disposition of tax collected under section 5 of this act to the general fund. These tax proceeds may then be used by the legislature to make appropriations to health programs as well as programs targeted at reducing tobacco use of children. Additionally changes the percent that the licensee can deduct to cover expenses from 1 to four-tenths of one percent of the tax due.

**Section 7** discusses the legislative intent not to create a dedicated fund.

**Section 8** provides for sections 3 and 4 of this act only taking effect if dedication of the proceeds of the cigarette tax to the School Fund is found to be unconstitutional.

**Alaska Department of Revenue**  
***Income and Excise Audit Division***

Increase Tobacco Taxes  
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**Section 9** establishes that if section 2 is ruled unconstitutional and sections 3 and 4 of this act take effect then revenue derived under section 2 (prior to it being found unconstitutional) that exceeds the original 2.5 mills will be credited to the tax levied under AS 43.50.190 (a) as amended by section 4 of this act.

**Section 10** establishes an effective date of October 1, 1997 for sections 1, 2, 5-7 and 9 of this act.

**Section 11** establishes an effective date of which ever of the following comes later for sections 3 and 4 of this act: (1) when a court enters a final judgement that the amendment under section 2 of this act is unconstitutional or (2) when the time for appeal has expired or upon entry of a final order on the appeal that section 2 is unconstitutional.

**OPERATING EXPENDITURES**

Department of Revenue is requesting operating funds to cover ½ the costs of a Revenue Auditor III position. With such a large increase in taxes due the state (increase from \$17 to \$50 million annually), the department anticipates increased taxpayer noncompliance.

With significantly higher levels of tax, it is possible that taxpayers will look for loopholes or other methods of tax avoidance. This ½ position will be responsible for ensuring that all taxpayers are identified and that taxpayers are filing and paying the proper amount of tax. The projected annual salary costs for the ½ portion of this position comes to \$30.0.

The department is also requesting one time FY 98 funding of \$5.0 for contractual funds to cover costs of public notice of rate increases, forms revisions and postage, and \$4.0 for equipment (\$3.5 for computer costs and \$.5 for office equipment). The recurring costs will be \$2.5 to cover travel, contractual and supplies.

**REVENUE COLLECTED**

The attached spreadsheet details revenue projections from rate increases in this bill.

**Alaska Department of Revenue**  
**Income and Excise Audit Division**  
*Projected Revenue Increases from Change in Tobacco Tax Rates*

Increase Tobacco Taxes  
 CSSB 13  
 April 7, 1997  
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	<b>FY 98*</b>	<b>FY99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>
<b>Cigarettes</b>							
<i>Elasticity Factor</i>	-13.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption (packs of cigarettes)	30,487,136 *	45,730,706	45,730,706	45,730,706	45,730,706	45,730,706	45,730,706
Rate	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Cigarette Tax	<u>\$30,487,136</u>	<u>\$45,730,706</u>	<u>\$45,730,706</u>	<u>\$45,730,706</u>	<u>\$45,730,706</u>	<u>\$45,730,706</u>	<u>\$45,730,706</u>
Less .4 % Commission	<u>(121,949)</u>	<u>(182,923)</u>	<u>(182,923)</u>	<u>(182,923)</u>	<u>(182,923)</u>	<u>(182,923)</u>	<u>(182,923)</u>
Net Cigarette Tax	\$30,365,188	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783	\$45,547,783
FY 97 Projected Net Cigarette Tax	<u>(10,083,937) *</u>	<u>(15,125,905)</u>	<u>(15,125,905)</u>	<u>(15,125,905)</u>	<u>(15,125,905)</u>	<u>(15,125,905)</u>	<u>(15,125,905)</u>
Net Cigarette Tax Increase Into the School Fund	\$20,281,251	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878	\$30,421,878
<b>Tobacco Products</b>							
<i>Elasticity Factor</i>	-13.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption (Whole. Pr. 1996 \$)	\$3,825,216 *	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824	\$5,737,824
Rate	75%	75%	75%	75%	75%	75%	75%
Tobacco Products Tax	<u>\$2,868,912</u>	<u>\$4,303,368</u>	<u>\$4,303,368</u>	<u>\$4,303,368</u>	<u>\$4,303,368</u>	<u>\$4,303,368</u>	<u>\$4,303,368</u>
Less .4 % Commission	<u>(11,476)</u>	<u>(17,213)</u>	<u>(17,213)</u>	<u>(17,213)</u>	<u>(17,213)</u>	<u>(17,213)</u>	<u>(17,213)</u>
Net Tobacco Products Tax	\$2,857,436	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154	\$4,286,154
FY 97 Projected Net Tob. Prod. Tax	<u>(1,090,715)</u>	<u>(1,636,073)</u>	<u>(1,636,073)</u>	<u>(1,636,073)</u>	<u>(1,636,073)</u>	<u>(1,636,073)</u>	<u>(1,636,073)</u>
Net Tobacco Prod. Tax Increase	\$1,766,721	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081	\$2,650,081
<b>Cigarette and Tob. Products</b>							
Cigarette and Tobacco Tax	\$33,222,624 *	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937	\$49,833,937
Net Cig. and Tob. Tax Increase	<u>\$22,047,972 *</u>	<u>\$33,071,959</u>	<u>\$33,071,959</u>	<u>\$33,071,959</u>	<u>\$33,071,959</u>	<u>\$33,071,959</u>	<u>\$33,071,959</u>

\*Note: The bill's effective date results in the tax increase covering 8 months in FY 98.

CS FOR SENATE BILL NO. 13(RLS)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS SHARP, Ellis

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 increasing by at least 35.5 mills the amount of  
3 excise tax levied on each cigarette imported or acquired in the state; and  
4 providing for an effective date."

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

6 \* Section 1. LEGISLATIVE INTENT. It is the intent of the legislature that, of the tax  
7 revenue derived

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

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

14 (3) from the amendment made to the tobacco tax by sec. 5 of this Act, subject

1 to appropriation, the amount obtained be used to establish and maintain an aggressive anti-  
2 tobacco campaign targeting children, to be administered by the Department of Health and  
3 Social Services, and be used to establish and maintain a program of pass-through grants to  
4 municipalities to detect and prosecute those who sell or otherwise supply tobacco to children,  
5 to be administered by the Department of Public Safety.

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

7 (a) There is levied an excise tax of 38 [TWO AND ONE-HALF] mills on each  
8 cigarette imported or acquired in the state. Each licensee shall, at the time of filing  
9 the return required by AS 43.50.080, pay to the department the excise for the calendar  
10 month covered by the return, deducting four-tenths of one percent of the total tax due,  
11 which the licensee shall retain to cover the expense of accounting and filing returns.  
12 Cigarettes upon which the excise is imposed are not again subject to the excise when  
13 acquired by another person.

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

15 (a) There is levied an excise tax of two and one-half [38] mills on each  
16 cigarette imported or acquired in the state. Each licensee shall, at the time of filing  
17 the return required by AS 43.50.080, pay to the department the excise for the calendar  
18 month covered by the return, deducting four-tenths of one percent of the total tax due,  
19 which the licensee shall retain to cover the expense of accounting and filing returns.  
20 Cigarettes upon which the excise is imposed are not again subject to the excise when  
21 acquired by another person.

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

23 (a) There is levied an excise tax of 47.5 [12] mills on each cigarette imported  
24 or acquired in this state.

25 \* Sec. 5. AS 43.50.300 is amended to read:

26 **Sec. 43.50.300. Excise tax levied.** An excise tax is levied on tobacco products  
27 in the state at the rate of 75 [25] percent of the wholesale price of the tobacco  
28 products. The tax is levied when a person

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

31 (2) makes, manufactures, or fabricates a tobacco product in the state

1 for sale in the state; or

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

4 \* Sec. 6. AS 43.50.330(b) is amended to read:

5 (b) The licensee shall remit with the return the tax due under AS 43.50.300  
6 for the month covered by the return, after deducting four-tenths of one percent of the  
7 tax due, which the licensee shall retain to cover the expense of accounting and filing  
8 the return.

9 \* Sec. 7. AS 43.50.350 is amended to read:

10 Sec. 43.50.350. Disposition of proceeds. (a) The tax collected by the  
11 department under AS 43.50.300 - 43.50.390 shall be deposited in the general fund.

12 (b) The annual estimated balance in the account maintained by the  
13 commissioner of administration under AS 37.05.142 may be used by the legislature to  
14 make appropriations

15 (1) for health care, health research, health promotion, and health  
16 education programs;

17 (2) to establish and maintain an aggressive anti-tobacco campaign  
18 targeting children; and

19 (3) to establish and maintain a program of grants to municipalities  
20 to detect and prosecute those who sell or otherwise supply tobacco to children.

21 \* Sec. 8. AS 43.50.350 is amended by adding a new subsection to read:

22 (c) The appropriations authorized by (b) of this section are not intended to  
23 create a dedication in violation of art. IX, sec. 7, Constitution of the State of Alaska.

24 \* Sec. 9. CONDITIONAL EFFECT OF CERTAIN SECTIONS. Sections 3 and 4 of this  
25 Act take effect only if

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

30 (2) either the time for appeal of that judgment expires or, if an appeal is taken,  
31 the court enters a final order on appeal that AS 43.50.090(a), as amended by sec. 2 of this

1 Act, violates art. IX, sec. 7, Constitution of the State of Alaska.

2 \* **Sec. 10. RETROACTIVITY.** If secs. 3 and 4 of this Act take effect under sec. 9 of this  
3 Act, then the amendments to AS 43.50.090(a) and 43.50.190(a) made by secs. 3 and 4 of this  
4 Act are retroactive to the effective date of this section and 35.5 mills per cigarette of the tax  
5 levied under AS 43.50.090(a), as amended by sec. 2 of this Act, for cigarettes sold on or after  
6 the effective date of this section shall be credited to the tax levied under AS 43.50.190(a), as  
7 amended by sec. 4 of this Act.

8 \* **Sec. 11.** Sections 1, 2, 5 - 8, and 10 of this Act take effect October 1, 1997.

9 \* **Sec. 12.** If secs. 3 and 4 of this Act take effect under sec. 9 of this Act, they take effect  
10 on the later of (1) the date a court enters a final judgment that the amendment made to  
11 AS 43.50.090(a) by sec. 2 of this Act changing the rate of taxation on cigarettes violates the  
12 prohibition set out in art. IX, sec. 7, Constitution of the State of Alaska, against dedication of  
13 the proceeds of a state tax or license, and (2) the expiration of any time for appeal of that  
14 judgment, or upon entry of a final order on the appeal that AS 43.50.090(a), as amended by  
15 sec. 2 of this Act, violates art. IX, sec. 7, Constitution of the State of Alaska. The attorney  
16 general shall promptly notify the lieutenant governor and the revisor of statutes of a judgment  
17 described in this section.

TO: TAM COOK

**LEGAL SERVICES**

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

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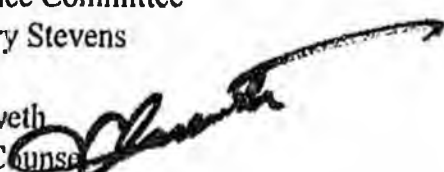
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

April 3, 1997

**SUBJECT:** Taxes on tobacco products (Work Order No. 0-LS-0159\P)

**TO:** Senator Bert Sharp, Co-Chair  
Senate Finance Committee  
ATTN: Larry Stevens

**FROM:** Jack Chenoweth  
Legislative Counsel 

The difference between the existing 29 cents per pack levy on cigarettes and the total \$1.00 levy requested is 71 cents. Seventy-one cents divided by 20 cigarettes per pack is a 35.5 mill per cigarette difference. Consequently, 35.5 mills is added to the existing 2 1/2 mill levy (page 2, line 5) in bill section 2, to the contingent or alternative levy (page 2, line 21) made in bill section 4, and to the retroactive language (page 3, line 13) of bill section 7.

Since this proposed increase in the tax on cigarettes is in the magnitude of a three-fold change, I made a roughly comparable adjustment to the rate of the excise tax on other tobacco products (page 2, line 25).

\* \* \*

Please take a look at existing AS 43.50.350, addressing disposition of proceeds of the excise tax on tobacco products other than cigarettes. What is now provided for in that statute does not mesh with the expression of legislative intent, stated in paragraph (3) in bill section 1, concerning use of the proceeds of the excise tax on tobacco products other than cigarettes, particularly as that paragraph mentions use of proceeds to support criminal prosecutions. Do you want language to conform paragraph (3) of bill section 1 to AS 43.50.350, or should AS 43.50.350 be revised and expanded to cover use of proceeds for criminal prosecutions involving sales to persons under 19 years of age? The legitimacy of the increase in the rate of the excise tax on tobacco products other than cigarettes is not subject to the potential constitutional dedicated fund question that attaches to the tax on cigarettes, so you may want to address this while you have the opportunity.

JBC:jdr  
97-241.jdr

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& SOCIAL SERVICES COMMITTEE

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## PRESS RELEASE

### TOBACCO TAX BILL AWAITS VOTE IN HOUSE

JUNEAU -- (April 9, 1997) -- A bill that could cut youth smoking rates and recover millions in smoking-related health costs for the state is awaiting a vote in the House of Representatives, as a new poll shows Alaskans support the tax by a two-to-one margin.

"Alaskans have made it clear they want to see tobacco taxes raised," said Representative Con Bunde, sponsor of the tobacco tax bill. "I am very concerned that we are ignoring the desires of the people that elected us."

Bunde's House Bill 1 would add \$1 to the existing 29-cents-per-pack state cigarette tax that helps fund state school construction and maintenance. It would also double the tax on cigars, snuff and other tobacco products.

Sixty-eight percent of Alaskans support the \$1 per pack tobacco tax increase as written in House Bill 1, compared to 29 percent who oppose it, according to a recent statewide survey by Dittman Research Corporation.

"The results from this survey bear out what I have been hearing from my constituents and other Alaskans for months -- that they want their elected representatives to pass this tax," Bunde said.

Bunde said he has received more than 1,200 public opinion messages since January from voters calling for the bill's passage, compared to about 300 in opposition.

After public hearings early in the session, House Bill 1 was passed by the House State Affairs Committee, the Health, Education and Social Services Committee, and the House Finance Committee. It is now in the House Rules Committee awaiting scheduling on the House floor.

(MORE)

Representative Con Bunde  
April 9, 1997  
First add

Speaker of the House Gail Phillips has scheduled a House and Senate leadership meeting for Friday morning, April 11, and has committed to bringing the tobacco tax up before the House Majority Caucus, the first step in scheduling it for a vote on the House floor.

Bunde said he has the support of enough representatives to get his bill passed in the House. Last year, a similar tobacco tax bill was passed by the Senate 17-3, but was never brought to a vote in the House.

"My mother and several friends died from tobacco-related illnesses, but that by itself is not why I introduced this bill," Bunde said. "I did it because my constituents educated me as to why we need such a law, and they and many others have strongly supported it."

Bunde said tobacco tax increases are a highly effective means of reducing underage smoking rates, and are a way that Alaska's smokers can help pay the nearly \$200 million the state incurs in tobacco-related costs each year.

"I have seen much scientific evidence showing that higher prices discourage young people from picking up a lifelong habit that can damage their health," he said.

Bunde is a third-term Republican representing District 18, Hillside and South Anchorage. He is chairman of the House Health, Education and Social Services Committee and Vice Chair of the Judiciary Committee, and is a member of the Select Committee on Legislative Ethics, the Special Committee on Oil and Gas, and the Legislative Budget and Audit Committee.

###

FOR IMMEDIATE RELEASE  
FOR MORE INFORMATION:

Representative Con Bunde  
(907) 465-4843  
(907) 465-3871 fax  
Dave Dittman, Dittman Research Corp.  
(907) 243-3345

ANCHORAGE DAILY NEWS OPINION SECTION APRIL 9, 1997:  
**\$1 MORE A PACK: TOUGHER LAWS ALONE WON'T DO THE JOB**

By Daily News editorial staff

Alaska House leaders apparently are starting to feel the heat for once again trying to squelch the \$1 a pack tobacco tax increase. They seem to realize they can't simply kill the tobacco tax in the secrecy of their caucus -- which helps explain HB 159, a bill that further cracks down on illegal sales to minors.

The changes contemplated in HB 159, sponsored by Republican Reps. Pete Kott, Eldon Mulder, Vic Kohring, Jerry Sanders, and Joe Ryan could help. But they will be useless without money for enforcement. And the House majority, eager as it is to slash state spending, shows no signs it is prepared to put any money into tougher tobacco control.

As Ann Marie Holen of the Alaska Native Health Board notes, Alaska has toughened its tobacco control laws, but "we don't know of a single instance where a merchant has been cited" for illegally selling to minors.

That's why any serious campaign to combat youth smoking must include the \$1 a pack tax increase. As the industry well knows, measures like HB 159 look good on paper, but tobacco taxes actually work.

Consider this passage from an internal Philip Morris memo, discussing a 1981 proposal to increase the federal tobacco tax. (At that time, the federal tax had not been increased in nearly 30 years):

"It is clear that price has a pronounced effect on the smoking prevalence of teenagers," wrote Myron Johnston, Philip Morris economist, according to a document excerpted in the April 6 New York Times.

Rare is the person who becomes hooked on tobacco as an adult. So if new customers don't start to smoke as teenagers, the industry's customer base will literally shrivel and die.

The Alaska Senate understands the logic here. Last year, senators passed the \$1 a pack increase by a resounding 17-3 vote. To prod this year's House into action, the Senate has begun moving its own tobacco tax measure. This time, the increase has been scaled back to 71 cents in hopes of winning more support on the other side of the Capitol.

The pressure from the Senate is welcome, but the 29 cent reduction is premature. The more lawmakers whittle down the \$1 a pack increase, the greater the numbers of young Alaskans who will hook themselves on the deadly habit.

As complements to a \$1 a pack tobacco tax increase, bills calling for tougher enforcement of tobacco laws won't hurt. But without the tax increase, those bills will do precious little to protect Alaska youth from the ruin that decades of tobacco addiction eventually will inflict on them.

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**Tobacco Tax  
Survey**

**March 1997**

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# METHODOLOGY

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# METHODOLOGY

During the period March 17 through March 20, 1997, five hundred ten (n=510) Alaskans over the age of 18, located in 64 communities were personally contacted via telephone by professional interviewing employees of the Dittman Research Corporation of Alaska. The views and opinions of the Alaska residents were recorded on a strictly confidential basis.

## Research Design

A random sample design was featured which provided that all households listed in the most current telephone directory for each community had essentially an equal chance of being interviewed.

## Sample Selection

Individual respondents were randomly selected from current telephone subscribers listed in the most current directory for each community.

## Processing the Data

Dittman Research employees completed coding, editing, data entry and verification, while data processing was completed through the in-house Dittman Research Corporation computer system featuring the Statistical Package for the Social Sciences (SPSS/PC+) program. The SPSS program is one of the most sophisticated research-oriented data processing and analytical systems available, and is designed specifically for the processing and analysis of survey research data.

## Measurement History

Citizen opinion measurements by the Dittman Research Corporation, utilizing the previously described methodology, analytical procedures and data processing systems, have proven to be virtually perfect predictors of political election results in Alaska for the past twenty-five years.

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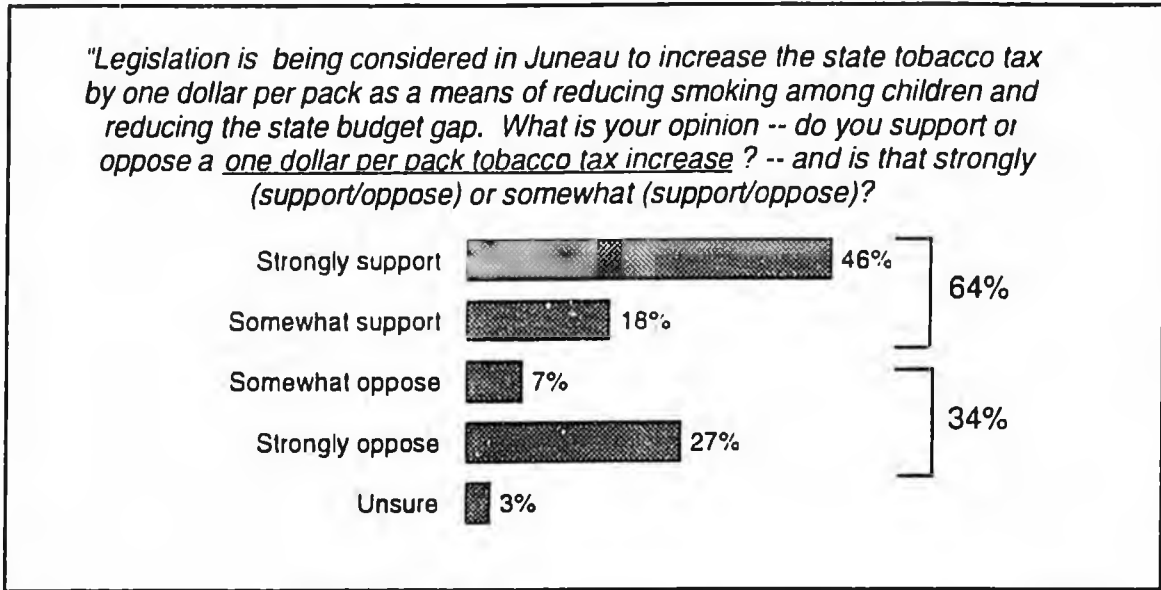
# FINDINGS

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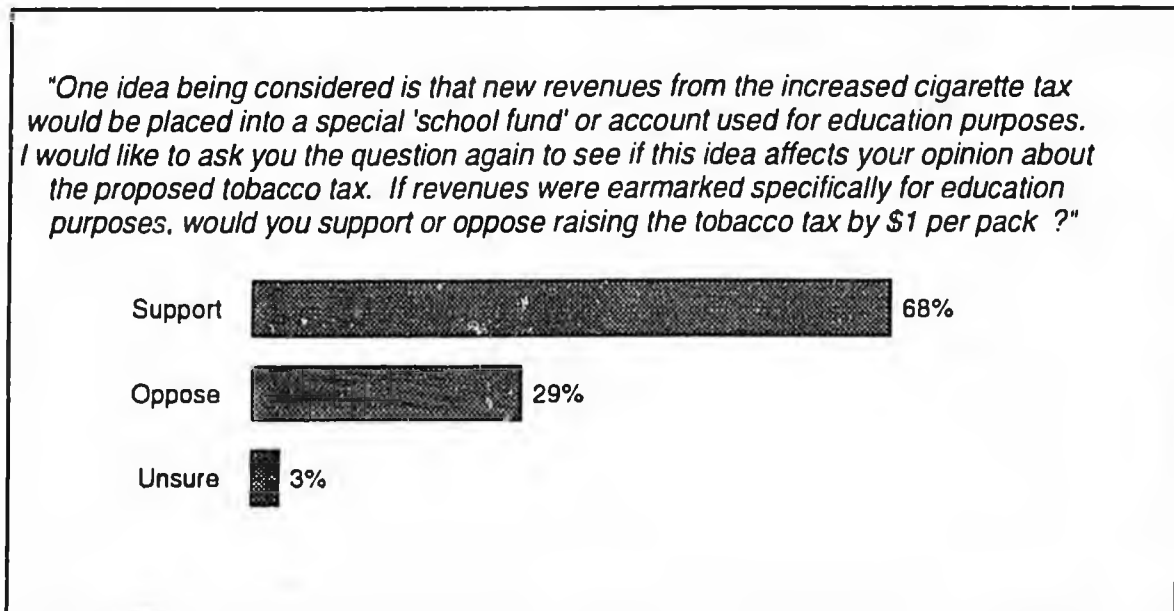
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# FINDINGS

Overall, on a statewide basis, by a ratio of approximately 2:1 (64% to 34%), Alaskans report they support increasing the state tax on tobacco by \$1.00 per pack...



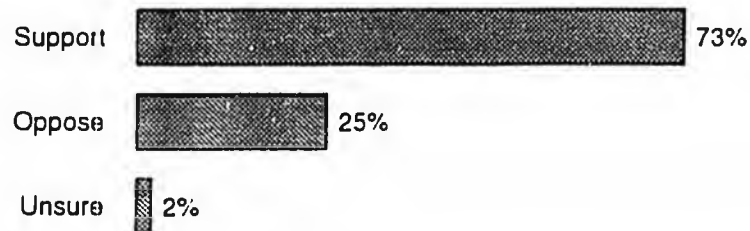
...and if the revenues from an increased tax on tobacco were to be *used for education*, the support level increases to well over 2:1 (68% to 29%)...



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...however, the largest gain...to nearly 3:1 (73% to 25%) occurs if it is shown that a \$1.00 per pack increase would significantly *reduce smoking among teenagers...*

*"The average age of new smokers is 14 1/2 years old. If it were shown that a \$1 per pack cigarette tax increase would significantly prevent or reduce smoking among teenagers, would you support or oppose the tax increase?"*



As far as smokers and non-smokers are concerned, approximately one out of four respondents (26%) report they currently smoke or use tobacco products...

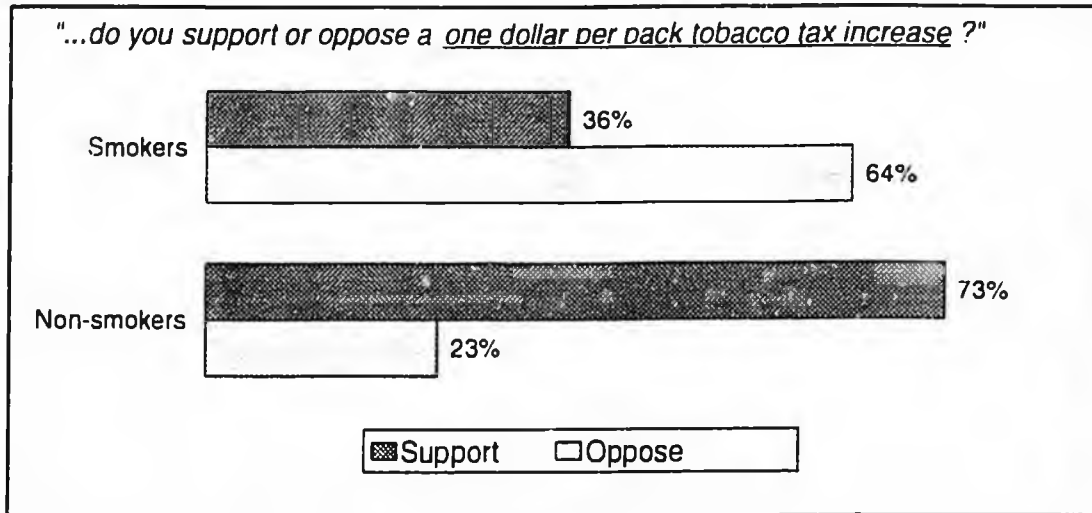
**QUESTION:**

*"Do you smoke cigarettes or use tobacco products?"*

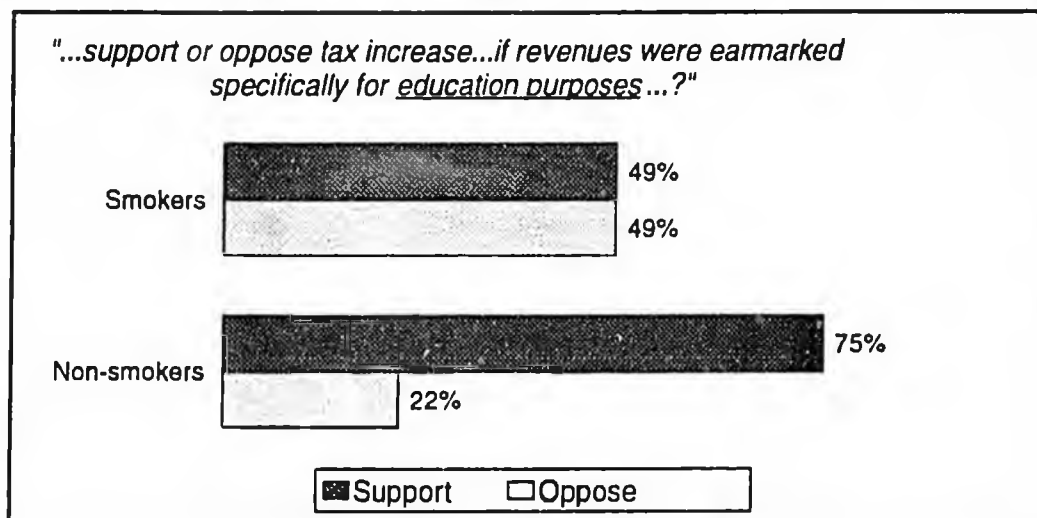
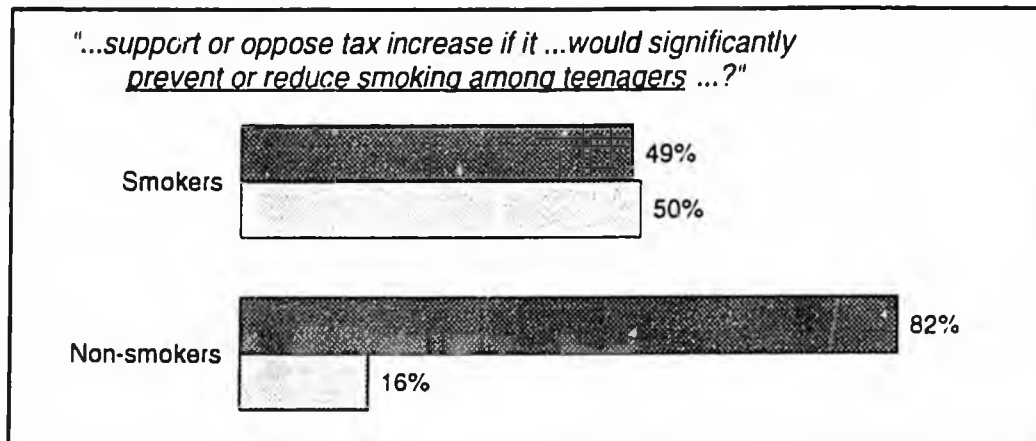
**RESPONSE:**

26%	Yes
74%	No

...and compared to non-smokers, they (predictably) are most likely to oppose the basic idea of a tax increase...



...however, if it were shown that the proposed tax increase would deter young people from smoking, or if the proceeds were to be used for education, smokers are approximately evenly split on the issue, and support from non-smokers increases to between three-out-of-four and four-out-of-five...



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# CROSTABULATIONS

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LEGISLATION IS BEING CONSIDERED IN JUNEAU TO INCREASE THE STATE TOBACCO TAX BY ONE DOLLAR PER PACK AS A MEANS OF REDUCING SMOKING AMONG CHILDREN AND REDUCING THE STATE BUDGET GAP. WHAT IS YOUR OPINION -- DO YOU SUPPORT OR OPPOSE A ONE DOLLAR PER PACK TOBACCO TAX INCREASE -- AND IS THAT STRONGLY (SUPPORT/OPPOSE) OR SOMEWHAT (SUPPORT/OPPOSE)?

DEMOGRAPHICS	UNSURE	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	BASE
TOTAL.....	3%	46%	18%	7%	27%	100.0%
DO YOU SMOKE?						
YES.....	1%	19%	17%	5%	59%	25.7%
NO.....	3%	55%	18%	7%	16%	74.3%
LOCATION						
RURAL.....	1%	49%	16%	11%	23%	11.5%
CENTRAL.....	9%	53%	13%	4%	21%	14.9%
SOUTH CENTRAL....	3%	38%	13%	13%	33%	18.9%
ANCHORAGE.....	1%	45%	21%	3%	31%	41.6%
SOUTHEAST.....	1%	48%	24%	8%	18%	13.2%
GENDER						
MALE.....	2%	45%	19%	7%	27%	52.0%
FEMALE.....	4%	46%	16%	6%	27%	48.0%
AGE						
18-29 YRS.....	2%	51%	22%	3%	22%	13.7%
30-44 YRS.....	3%	42%	20%	8%	28%	40.9%
45-59 YRS.....	2%	50%	17%	8%	24%	32.2%
60+ YRS.....	5%	41%	12%	4%	39%	13.2%
TIME IN COMMUNITY						
0 - 4 YRS.....	2%	37%	23%	8%	30%	19.6%
5 - 9 YRS.....	3%	51%	19%	4%	24%	11.6%
10 - 14 YRS.....	5%	45%	17%	6%	27%	13.1%
15+ YRS.....	3%	48%	16%	7%	27%	55.7%

THE AVERAGE AGE OF NEW SMOKERS IS 14 1/2 YEARS OLD. IF IT WERE SHOWN THAT A ONE DOLLAR PER PACK CIGARETTE TAX INCREASE WOULD SIGNIFICANTLY PREVENT OR REDUCE SMOKING AMONG TEENAGERS, WOULD YOU SUPPORT OR OPPOSE THE TAX INCREASE?

DEMOGRAPHICS	UNSURE	SUPPORT	OPPOSE	BASE
TOTAL.....	2%	73%	25%	100.0%
DO YOU SMOKE?				
YES.....	1%	49%	50%	25.7%
NO.....	2%	82%	16%	74.3%
LOCATION				
RURAL.....	0%	75%	25%	11.5%
CENTRAL.....	4%	79%	17%	14.9%
SOUTH CENTRAL....	1%	64%	34%	18.9%
ANCHORAGE.....	2%	73%	25%	41.6%
SOUTHEAST.....	0%	79%	21%	13.2%
GENDER				
MALE.....	2%	71%	27%	52.3%
FEMALE.....	1%	76%	23%	48.0%
AGE				
18-29 YRS.....	2%	81%	17%	13.7%
30-44 YRS.....	1%	73%	26%	40.9%
45-59 YRS.....	2%	74%	24%	32.2%
60+ YRS.....	1%	66%	33%	13.2%
TIME IN COMMUNITY				
0 - 4 YRS.....	0%	71%	29%	19.6%
5 - 9 YRS.....	0%	74%	26%	11.6%
10 - 14 YRS.....	5%	70%	25%	13.1%
15+ YRS.....	2%	75%	24%	55.7%

ONE IDEA BEING CONSIDERED IS THAT NEW REVENUES FROM THE INCREASED CIGARETTE TAX WOULD BE PLACED INTO A SPECIAL SCHOOL FUND OR ACCOUNT TO BE USED FOR EDUCATION PURPOSES. I WOULD LIKE TO ASK THE QUESTION AGAIN TO SEE IF THIS IDEA AFFECTS YOUR OPINION ABOUT THE PROPOSED TOBACCO TAX. IF REVENUES WERE EARMARKED SPECIFICALLY FOR EDUCATION PURPOSES, WOULD YOU SUPPORT OR OPPOSE RAISING THE TOBACCO TAX BY ONE DOLLAR PER PACK?

DEMOGRAPHICS	UNSURE	SUPPORT	OPPOSE	BASE
TOTAL.....	3%	68%	29%	100.0%
DO YOU SMOKE?				
YES.....	2%	49%	49%	25.7%
NO.....	3%	75%	22%	74.3%
LOCATION				
RURAL.....	0%	75%	25%	11.5%
CENTRAL.....	4%	60%	36%	14.9%
SOUTH CENTRAL....	4%	64%	31%	18.9%
ANCHORAGE.....	2%	69%	29%	41.6%
SOUTHEAST.....	4%	74%	21%	13.2%
GENDER				
MALE.....	2%	67%	31%	52.0%
FEMALE.....	4%	70%	26%	48.0%
AGE				
18-29 YRS.....	1%	81%	18%	13.7%
30-44 YRS.....	3%	69%	28%	40.9%
45-59 YRS.....	2%	67%	31%	32.2%
60+ YRS.....	7%	56%	36%	13.2%
TIME IN COMMUNITY				
0 - 4 YRS.....	1%	69%	31%	19.6%
5 - 9 YRS.....	2%	69%	29%	11.6%
10 - 14 YRS.....	3%	64%	33%	13.1%
15+ YRS.....	4%	69%	27%	55.7%

DO YOU SMOKE CIGARETTES OR USE TOBACCO PRODUCTS?

DEMOGRAPHICS	YES	NO	BASE
TOTAL.....	26%	74%	100.0%
LOCATION			
RURAL.....	40%	60%	11.5%
CENTRAL.....	22%	78%	14.9%
SOUTH CENTRAL....	28%	72%	18.9%
ANCHORAGE.....	23%	77%	41.6%
SOUTHEAST.....	25%	75%	13.2%
GENDER			
MALE.....	28%	72%	52.0%
FEMALE.....	23%	77%	48.0%
AGE			
18-29 YRS.....	32%	68%	13.7%
30-44 YRS.....	29%	71%	40.9%
45-59 YRS.....	22%	78%	32.2%
60+ YRS.....	17%	83%	13.2%
TIME IN COMMUNITY			
0 - 4 YRS.....	31%	69%	19.6%
5 - 9 YRS.....	26%	74%	11.6%
10 - 14 YRS.....	35%	65%	13.1%
15+ YRS.....	21%	79%	55.7%