

**HB**

**92**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 5, 1999

FURTHER REFERRALS:

Date of Committee Action: 4/19/99

The FINANCE Committee considered:

HB 92

HOUSE BILL NO. 92

MUNICIPAL TAXATION OF ALCOHOL

"An Act relating to municipal taxation of alcoholic beverages."

recommends it be replaced with the following committee substitute \_\_\_\_\_  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) \_\_\_\_\_  fiscal note(s) DOR (#3)

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) DCRA, DOR (#2)

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Theriault</i>	Theriault			X	
<i>Edon Mulder</i>	Mulder	✓			
<i>(Van Bunde)</i>	Bunde	✓			
<i>Vic Kohring</i>	Kohring		X		
<i>John Gustafson</i>	Gustafson			X	
<i>Sal Davies</i>	Davies	X			
<i>Ben Grussendorf</i>	Grussendorf			X	
<i>David Davis</i>	Davis	X			
<i>W. Williams</i>	Williams			X	
<i>Foster</i>	Foster		X		

CHAIR'S SIGNATURE *Gene Theriault* *Edon Mulder*  
 CO *Theriault* *Mulder*

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

# FISCAL NOTE

Bill Version: HB 92  
(H) Publish Date: 3/5/99

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to municipal taxation BRU: \_\_\_\_\_  
of alcoholic beverages Component: \_\_\_\_\_  
 Sponsor: REPRESENTATIVE DAVIS  
 Requestor: House CRA Committee COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

REVENUE FUND SOURCE:						
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FUNDING:		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

POSITIONS:							
FULL-TIME							
PART-TIME							
TEMPORARY							

Estimate of current (FY99) impact \$ none

**ANALYSIS:** (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4709

Division: Division of Administrative Services Date: 2/22/99

Approved by Commissioner: *Maria Durin* Date: 2/22/99

Agency: Community & Regional Affairs

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# FISCAL NOTE

Bill Version: HB 92

(H) Publish Date: 3/5/99

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Revenue  
 Title Municipal taxation of alcoholic beverages BRU ABC Board  
 Component ABC Board  
 Sponsor Rep. Davis  
 Requester House C&RA Committee Component Serial No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY99) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by Dorg Griffin, Director  
 Division ABC Board  
 Approved by Wilson L. Condon  
 Commissioner  
 Agency Department of Revenue

Phone 465-2301  
 Date/Time February 22, 1999 10:15 AM  
 Date 2/22/99

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**COMMITTEE COPY**

# FISCAL NOTE

L Version: HB 92

(H) Publish Date: 3/5/99

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) March 3, 1999 Dept. Affected Revenue  
 Title Municipal Taxation of Alcohol BRU Revenue Operations  
 Component Income and Excise Audit  
 Sponsor Representative Davis  
 Requester CRA Component Serial No. 113

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (decrease)</b>	**	**	**	**	**	**
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**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY99) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

\*\* The proposed legislation may cause the state to lose a small amount of state alcohol tax revenues. This revenue loss would be due to the decrease in consumption because of an increase in price. The percentage change in quantity consumed as a result of a percentage change in price is called the price elasticity of demand. If we assume that some municipalities that currently have no sales tax on alcohol enact one, prices would most likely increase. There are many different estimates of the price elasticity demand for alcohol. They usually differ by the type of alcohol with the lowest elasticity being for beer. I have seen elasticity's that range from -.12 to -1.07 for beer, from -.13 to -1.8 for liquor and from -.27 to -2.37 for wine. One publication suggests the use of -.35 for all alcohol types. This would imply that for a 1% increase in price consumption would decrease by 1/3 of 1%. Given the uncertainties involved and not knowing which if any municipalities will increase their alcohol tax, DOR cannot estimate the loss of revenue.

Prepared by Brett Fried, Economist  
 Division Income and Excise Audit  
 Approved by Wilson L. Condon  
 Commissioner  
 Agency Department of Revenue

Phone 465-3682  
 Date/Time March 3, 1999  
 Date March 3, 1999

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**COMMITTEE COPY**

# Greater tax on alcohol is sorely needed

By MATT FELIX

It appears that \$30 million is a lot of money to everyone but politicians. That's how much money a dime-a-drink tax on alcohol would bring into the state treasury. Adding a quarter to a drink would bring in about \$50 million.

To date, no one in a position of power has made this simple proposal to increase state income despite our revenue shortfall.

State taxes on alcohol haven't been raised since 1983, and that was the only increase since statehood. The federal tax hasn't been adjusted but once since the Korean war. Both tax increases were very small and did not keep up with inflation during that period.

The present state tax on alcohol amounts to 3.3 cents for a beer, 4 cents for a glass of wine, and 4.5 cents for a mixed drink. This minimal excise tax brings in approximately \$15 million to the Alaskan treasury. A dime-a-drink is not adequate in light of the expenses that alcohol abuse causes in our state. The estimated yearly costs to the state taxpayer range from \$90 million to as much as \$150 million.

Whatever the cost is, it clearly appears that the state is not taxing the liquor industry, but is instead supporting it with public funds.

The dime-a-drink proposal considered three years ago now appears inadequate to bring this situation into a better balance. Perhaps a quarter-a-drink increase should be considered to bring relief to the taxpayers of Alaska. The alcohol industry cries foul when discussing a tax increase saying its product is taxed at a greater rate than other products. That's true, but the type of tax applied to them is a special tax called an excise tax, which is often

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Whatever the cost is, it clearly appears that the state is not taxing the liquor industry, but is instead supporting it with public funds.

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applied to non-essential items such as alcohol, jewelry or items of little necessity. In fact, the excise tax first was applied to alcohol by the English parliament during the gin epidemic of the 1740s as a way of curbing abuse while providing for the increased policing costs.

Perhaps Alaska could take a lesson from this history. Excise taxes, when used this way, are not taxes but more like user fees. Individuals who don't drink pay no taxes, but those who drink a lot pay the most excise taxes.

This is as it should be, for those who drink excessive amounts cause the most problems and subsequent expenses to the public. Studies show that heavy drinkers make up 15 percent of the total drinking population, but they drink 78 percent of all the alcohol consumed.

The Legislature has taken the view of "no tax at any cost." Lawmakers may want to reconsider this unique imbalance of revenue to expenditures.

The cost of alcohol abuse in Alaska will continue to be extremely high due to the high rate of consumption. We Alaskans drink more than most populations and drink nearly a gallon more of pure alcohol than the national average. During the 1980s, Alaskans drank an average of more than

four gallons annually of pure alcohol per person over the age of 14 years.

This extreme drinking has come down some over the last 10 years but it still is one of the highest levels in the country.

One only needs to ask a policeman, prosecutor, or judge about the costs associated with this level of drinking. Check the police report printed daily in the Empire. Research shows that 74-80 percent of all crime is committed while under the influence of alcohol.

Consequently, 75 percent of the prison population committed their crime while intoxicated. The health care system, including Medicare and Medicaid, are similarly impacted. It is estimated that one third of all general hospital admissions in Alaska are exacerbated by alcohol.

The governor recently stated that 7 out of 10 child-abuse calls to the state are alcohol related, and Alaska's high rate of divorce is influenced greatly by excessive drinking. However one measures the cost, in dollars or lives destroyed, the costs of alcohol abuse in Alaska are unacceptable.

The single most important act to reduce this tragedy is to raise the price of alcohol. This is a lesson known to researchers and confirmed in Alaska through the to-

bacco tax.

With an increase in price, the reduction in consumption of alcohol would occur most among our youth just as it has with tobacco. Alcohol is a major factor in the three leading causes of death for young people ages 15-24 - accidents, homicides, and suicides. According to the National Bureau of Economic Research, the higher the taxes on alcohol the more lives saved in the young age groups.

Many politicians now in office campaigned on family issues. They should know that over half the domestic violence in Alaska is attributed to alcohol abuse.

Raising money is a major concern for the state right now but my personal issue is improving the health and safety of Alaskans.

The single most influential action to improve the health and public safety in this state would be to lower the per-capita consumption of alcoholic beverages by raising the price. The legal debates involving divorces, homicides, assaults, drunk driving, rape, and alcohol commitments have left me convinced that the Legislature, not the courts, must find solutions to these crises. There may be a shortage of political will. It will take a great deal of political will to overcome the moneyed liquor lobbyists entrenched in Alaska politics. Someone out there must think that \$25 million to \$50 million is a lot of money.

\*\*\*\*\*

Matt Felix is the clinical director at Gastineau Human Services. He developed the Department of Health and Social Services for the City of Juneau and was the state director of Alcohol and Drug Services for seven years.

4-14-9



# ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

## HOUSE BILL 92

### SPONSOR STATEMENT

"An Act relating to municipal taxation of alcoholic beverages"

In these days of declining revenues and increasing costs, local governments are looking for different avenues to pay for local services. House Bill provides a new option to do this, but only if approved by a majority vote of the local citizenship.

House Bill 92 amends the statutes to allow--NOT require--municipalities to impose a sales tax on alcoholic beverages regardless of whether there is a tax on other kinds of sales. The interpretation of current statutes is that only municipalities with a sales tax on other sales may impose a sales tax on alcohol and then only at the general sales tax rate. This legislation would allow municipalities to impose a sales tax that is equal to, lower than, or higher than, the general sales tax rate.

Local voters would have to decide whether to impose a sales tax on alcohol. As with other municipal taxes, the sales tax on alcoholic beverages and its rate cannot be imposed without approval of the voters in the municipality.

Laws are continually passed that have a direct financial impact on municipalities. For example, state and federal laws require municipalities to care for and protect public inebriates; however, sufficient funding is not always provided for these activities. Such costly services can include public safety, care for inebriates, and alcohol-related social and health problems. This legislation enables municipalities to address these budgeting problems along with others. It provides them with a new option.

*HB92/SS/2/10/99*



# ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

## SECTIONAL ANALYSIS

### House Bill 92

#### "An Act relating to municipal taxation of alcoholic beverages"

**Section 1:** Amends AS 04.21.010(c)(2), regarding municipal regulation, to allow municipalities to impose a sales tax on alcoholic beverages regardless of whether they have a sales tax on other sales. Current statute allows a sales tax on alcoholic beverages only if a sales tax exists on other sales. It also allows the municipality to set the sales tax on alcoholic beverages at a rate equal to, higher or lower than, the sales tax on other sales.

Deletes AS 04.21.010(c)(3), which allows municipalities having sales taxes on alcoholic beverages prior to July 1, 1985, to continue to tax alcoholic beverage sales. This section is no longer needed as all municipalities may impose a sales tax on alcoholic beverages.

**Section 2:** Amends AS 29.45.650(a), regarding borough sales and use tax, by removing the reference to AS 04.21.010(c) in the exceptions. Because municipalities would no longer be restricted in placing a sales tax on alcoholic beverages, this exception is no longer needed.

H 92/SA2/10/99

ferred to the municipality in which the property was seized" in the third sentence of subsection (b).

NOTES TO DECISIONS

For *per law construed.* — See Territory of Alaska v. 186 Cases of Mixed Intoxicating Liquors, 10 Alaska 414 (1944).

*Collateral references.* — 45 Am. Jur. 2d, Intoxicating Liquors, §§ 486-532.  
48A C.J.S., Intoxicating Liquors, §§ 365-397.  
Forfeiture of property used in connection with intoxicating liquor before trial of individual offender, 3 ALR2d 738.

Lawfulness of seizure of property used in violation of law as prerequisite to forfeiture action or proceeding, 8 ALR3d 473.

**Chapter 20. General Provisions.**

*[Repealed, § 12 ch 131 SLA 1980. For current law, see AS 04.21.]*

**Chapter 21. General Provisions.**

**Section**

- 10. Municipal regulation
- 15. Private manufacture of alcoholic beverages
- 20. Civil liability of persons providing alcoholic beverages
- 25. Alcohol server education course
- 30. Responsibility of licensees, agents, and employees

**Section**

- 40. Sales on federal reservations
- 50. Proof of age
- 55. Refusal of service
- 60. Warehousing of alcoholic beverages
- 65. Posting of warning signs
- 70. Enforcement
- 80. Definitions

**Sec. 04.21.010. Municipal regulation.** (a) A municipality may adopt ordinances governing the importation, barter, sale, and consumption of alcoholic beverages within the municipality and may ban possession of alcoholic beverages under AS 04.11.491(a)(5). An ordinance adopted under this section may not be inconsistent with this title or regulations adopted under this title. In a municipality that has adopted a local option under AS 04.11.491(a)(1), (2), or (3), an ordinance is not inconsistent with this title if it limits

(1) the monthly amounts of alcoholic beverages a person may import into the municipality;

(2) the percent of alcohol by volume that an alcoholic beverage may contain; a limit imposed under this paragraph may not be less than 40 nor more than 76 percent alcohol by volume; or

(3) the type of alcoholic beverage container that may be possessed in the municipality.

(b) After the adoption of a local option under AS 04.11.491(a), a municipality may adopt an ordinance making the sale, importation, or possession of alcoholic beverages a misdemeanor to the extent prohibited under the local option. The ordinance may not be inconsistent with this title or the regulations adopted under this title.

(c) A municipality may not impose taxes on alcoholic beverages except a

(1) property tax on alcoholic beverage inventories;

(2) sales tax on alcoholic beverage sales if sales taxes are imposed on other sales within the municipality;

(3) sales tax on alcoholic beverage sales that was in effect before July 1, 1985; and

(4) sales and use tax on alcoholic beverages if the sale of alcoholic beverages within the municipality has been prohibited under AS 04.11.491(a)(1), (4), or (5).

(d) At least 10 days before the date set for municipal action on an application for the issuance, renewal, relocation, or transfer of ownership of a proposed license, the

municipality shall provide written notice of the proposed action and the time and place for a hearing to a community council that

(1) is established by municipal charter or ordinance to advise the municipal governing body; and

(2) has jurisdiction over the area affected by the proposed action. (§ 4 ch 131 SLA 1980; am § 20 ch 74 SLA 1985; am § 19 ch 93 SLA 1985; am § 9 ch 80 SLA 1986; am §§ 11, 12 ch 156 SLA 1988; am §§ 50 — 52 ch 101 SLA 1995)

**Effect of amendments.** — The 1995 amendment, effective July 1, 1995, made section reference substitutions in subsections (a) and (c); in subsection (a), added the last sentence in the introductory language and added paragraphs (1)-(3); and rewrote subsection (b).

**Legislative history reports.** — For sectional analysis of CS SSSB 239, the predecessor of FCCSSB 239 (ch. 131, SLA 1980), see 1980 Senate Journal Supplement No. 23, April 1, 1980.

For Senate letter of intent relating to the amendments to a) and c) of this section by secs. 11 and 12,

ch. 156, SLA 1988 (HCS CSSB 371 (Jud) am H., see 1988 Senate Journal 2939.

**Opinions of attorney general.** — Anchorage Municipal Code 10.50.030 and 10.50.035, which established guidelines for when the Assembly will exercise its protest authority under AS 04.11.480, are not inconsistent with this title, are not in excess of the municipality's authority, and are not unreasonable. February 25, 1986, Op. Att'y Gen.

Ordinance regulating where licenses may be located did not exceed the borough's authority. October 23, 1991, Op. Att'y Gen.

#### NOTES TO DECISIONS

**Sales tax.** — Paragraphs (c)(2) and (c)(3) of this section, when read together, bar a municipality from taxing only the sale of alcoholic beverages and further require that if sales taxes are imposed on other commodities, then the rate of taxation on the sale of alcoholic beverages may not exceed the rate of taxation imposed upon such other commodities sales.

*Lagos v. City & Borough of Sitka*, 823 P.2d 641 (Alaska 1991).

A Sitka ordinance which taxed the sales of alcoholic beverages at a four percent higher rate than sales made on other commodities within the city and borough of Sitka violated this section. *Lagos v. City & Borough of Sitka*, 823 P.2d 641 (Alaska 1991).

**Collateral references.** — 45 Am. Jur. 2d, Intoxicating Liquors, § 27.

46 C.J.S., Intoxicating Liquors, § 213.

Provision as to sale of liquor to women as affecting validity of regulatory statute. 9 ALR2d 541.

Validity and construction of measure prohibiting retail alcoholic beverage seller from furnishing free food or drink. 66 ALR2d 758.

Validity and construction of statute or ordinance requiring or prohibiting posting or other publication of price by liquor dealer. 89 ALR2d 901; 80 ALR3d 740.

Validity and construction of statute or ordinance

respecting employment of women in places where intoxicating liquors are sold. 46 ALR3d 369

Validity of municipal regulation more restrictive than state regulation as to time for selling or serving intoxicating liquor. 51 ALR3d 1061.

Validity, construction, and effect of statutes, ordinances, or regulations prohibiting or regulating advertising of intoxicating liquors. 20 ALR4th 600

Validity and construction of statute or ordinance making it offense to have possession of open or unsealed alcoholic beverage in public place. 39 ALR4th 668

**Sec. 04.21.015. Private manufacture of alcoholic beverages.** (a) Except as provided in (b) of this section, the provisions of this title do not apply to the private manufacture of alcoholic beverages.

(b) This section does not apply to AS 04.16.050, 04.16.051, 04.16.080; AS 04.21.010, 04.21.020; alcoholic beverages manufactured in a quantity that exceeds the limit imposed on private manufacture under federal law; or an area that has adopted a local option law under AS 04.11.491. (§ 1 ch 88 SLA 1989; am § 53 ch 101 SLA 1995)

**Effect of amendments.** — The 1995 amendment, effective July 1, 1995, made a section reference substitution in subsection (b).

**Sec. 04.21.020. Civil liability of persons providing alcoholic beverages.** (a) A person who provides alcoholic beverages to another person may not be held civilly liable for injuries resulting from the intoxication of that person unless the person who provides the alcoholic beverages holds a license authorized under AS 04.11.080 — 04.11.220, or is an agent or employee of such a licensee and

"other property taxable by the municipality." City of Valdez v. State, Dep't of Community & Regional Affairs, 793 P2d 532 (Alaska, 1990).

**Sec. 29.45.590. Limited property taxing power for second class cities.** A second class city may by referendum levy property taxes as provided for first class cities. However, levy of an ad valorem tax by a second class city may not exceed two percent of the assessed value of the property taxed, except that the limit does not apply to a levy necessary to avoid a default upon payment of principal and interest of bonded or other indebtedness that is secured by a pledge to levy ad valorem or other taxes without limit to meet debt payments. (§ 12 ch 74 SLA 1985; am § 1 ch 123 SLA 1994; am § 8 ch 40 SLA 1995)

**Effect of amendments.** — The 1994 amendment, effective September 26, 1994, substituted "two percent" for "one-half of one percent" near the beginning of the second sentence.

The 1995 amendment, effective August 23, 1995, inserted "of an ad valorem tax" near the beginning of the second sentence.

**Sec. 29.45.900. Combining property tax with incorporation of a second class city.** A petition for second class city incorporation may request that a property tax proposal be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the property tax proposition. If so, the incorporation proposition fails if the property tax fails. (§ 12 ch 74 SLA 1985)

#### Article 4. Borough Sales and Use Tax.

**Section**  
650. Sales and use tax  
660. Notice of sales and use tax  
670. Referendum, adoption, and modification

**Section**  
680. Combining sales and use tax with incorporation of a borough

**Sec. 29.45.650. Sales and use tax.** (a) Except as provided in AS 04.21.010(c) and in (f) and (h) of this section, a borough may levy and collect a sales tax on sales, rents, and on services provided in the borough. The sales tax may apply to any or all of these sources. Exemptions may be granted by ordinance.

(b) A borough levying a sales tax may also by ordinance levy a use tax on the storage, use, or consumption of tangible personal property in the borough. The use tax rate must equal the sales tax rate and the use tax shall be levied only on buyers.

(c) A person who furnishes proof, in the form required by the borough tax collector, that the person has paid a sales tax on the source on which a use tax is levied by the borough is required to pay the use tax only to the extent of the difference between the amount of the sales tax paid and the amount of the use tax levied by the borough. This subsection applies to a sales tax levied in any taxing jurisdiction whether inside or outside the state.

(d) If the assembly charges interest on sales taxes not paid when due, the rate of interest may not exceed 15 percent a year on the delinquent taxes and shall be charged from the due date until paid in full. This subsection applies to home rule and general law municipalities.

(e) A borough may provide for the creation, recording, and notice of a lien on real or personal property to secure the payment of a sales and use tax, and the interest, penalties, and administration costs in the event of delinquency. When recorded, the sales tax lien has priority over all other liens except (1) liens for property taxes and special assessments; (2) liens that were perfected before the recording of the sales tax lien for amounts actually advanced before the recording of the sales tax lien; (3) mechanics' and materialmen's liens for which claims of lien under AS 34.35.070 or notices of right to lien under AS 34.35.064 have been recorded before the recording of the sales tax lien. This subsection applies to home rule and general law municipalities.

(f) A borough may not levy and collect a sales tax on a purchase made with (1) food coupons, food stamps, or other type of certificate issued under 7 U.S.C. 2011 — 2025 (Food Stamp Act); or (2) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). This subsection applies to home rule and general law municipalities.

(g) [Repealed, § 2 ch 159 SLA 1990.]

(h) A borough may not levy or collect a sales tax on sales, rents, and services, or a use tax on the storage, use, or consumption of personal property on the following activities:

(1) the sale, lease, rental, storage, consumption, or distribution in this state of or the provision of services relating to an orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind possessing space flight capacity, including the components of them;

(2) the sale, lease, rental, storage, consumption, or use of tangible personal property placed on or used aboard an orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind, regardless of whether the tangible personal property is returned to this state for subsequent use, storage, or consumption; an exemption under this paragraph is not affected by the failure of a launch to occur, or the destruction of a launch vehicle or a component of a launch vehicle. (§ 12 ch 74 SLA 1985; am §§ 3, 4 ch 38 SLA 1986; am § 1 ch 20 SLA 1987; am § 2 ch 30 SLA 1988; am §§ 1, 2 ch 96 SLA 1989; am §§ 1, 2 ch 159 SLA 1990; am §§ 4, 5 ch 88 SLA 1991)

#### NOTES TO DECISIONS

**Annotator's notes.** — The cases cited in the note below were decided under former, similar provisions.

**Evolutionary development of present language of subsection (a).** — See *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

**Subsection (a) of this section permits a selective sales tax.** *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

**This section states no limits on what may be exempted.** *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

**And there is nothing in the statute which expressly requires a general tax.** *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

**The term "sales tax" carries no connotation of generality.** *Liberati v. Bristol Bay Borough*, 584 P.2d 1115 (Alaska 1978).

**The city of Homer bed tax, based upon the actual**

rental of a room, and imposed, computed and collected according to traditional sales tax methods, is a sales tax within the meaning of this section. *City of Homer v. Gangl*, 650 P.2d 396 (Alaska 1982).

**A real property lien is beyond the scope of what may be "necessarily or fairly implied" as incident to the authority to collect a sales tax.** *Fairbanks N. Star Borough v. Howard*, 608 P.2d 32 (Alaska 1980).

**Successor liability.** — Subsection (e) of this section does not provide for successor liability, unless done through a lien on the real and personal property of a "seller," i.e. the business. Municipalities' attempt by ordinance to hold successor owners personally liable for delinquent sales taxes would effectively eliminate paragraph (e)(2) of this section lien priority and was, therefore, invalid. *Kenai Peninsula Borough v. Associated Grocers*, 889 P.2d 604 (Alaska 1995).

**Collateral references.** — 63 Am. Jur. 2d, Sales and Use Taxes, § 1 et seq.

**Sec. 29.45.660. Notice of sales and use tax.** (a) If the borough levies and collects only a sales tax and use tax, the assembly shall provide a notice substantially in the form set out in AS 29.45.020. In providing notice under this subsection, the assembly shall substitute for the millage equivalency its estimate of the equivalent sales tax rate for each of the categories of financial assistance set out in AS 29.45.020. Notice shall be provided

(1) by publishing in a newspaper of general circulation in the borough a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the borough's budget; or

(2) if there is no newspaper of general circulation in the borough, by posting a copy of the notice for at least 20 days in at least two public places in the borough, with posting to occur not later than 45 days after the final adoption of the borough's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization under AS 29.60.010 — 29.60.080 and priority revenue sharing for municipal services under AS 29.60.100 — 29.60.180. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met. (§ 12 ch 74 SLA 1985; am § 5 ch 75 SLA 1997)

**Effect of amendments.** — The 1997 amendment, effective July 1, 1997, rewrote the first sentence of subsection (b).

**Sec. 29.45.670. Referendum, adoption, and modification.** A new sales and use tax or an increase in the rate of levy of a sales tax approved by ordinance does not take effect until ratified by a majority of the voters at an election. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.680. Combining sales and use tax with incorporation of a borough.** A petition for incorporation of a borough may request that a sales and use tax proposition be placed on the same ballot. The petition must state the proposed tax rate. The petition may request that incorporation be dependent on the passage of the tax proposition; so, the incorporation proposition fails if the tax proposition fails. (§ 1 ch 3 SLA 1989)

**Editor's notes.** — Section 2, ch. 3, SLA 1989 provides that this section is retroactive to January 1, 1987.

**Legislative history reports.** — For governor's transmittal letter, see 1989 Senate Journal 46.

### Article 5. City Sales and Use Tax.

**Section**

700. Power of levy.

710. Combining sales and use tax with incorporation of a second class city

**Sec. 29.45.700. Power of levy.** (a) A city in a borough that levies and collects areawide sales and use taxes may levy sales and use taxes on all sources taxed by the borough in the manner provided for boroughs. Except as provided in (d) of this section, the assembly may by ordinance authorize a city to levy and collect sales and use taxes on other sources.

(b) A city in a borough that does not levy and collect sales and use taxes for areawide borough functions may levy and collect sales and use taxes in the manner provided for boroughs.

(c) A city outside a borough may levy and collect sales and use taxes in the manner provided for boroughs.

(d) A city that levies and collects sales and use taxes under (a) of this section may not levy and collect a sales tax on a purchase made with (1) food coupons, food stamps, or other types of certificates issued under 7 U.S.C. 2011 — 2025 (Food Stamp Act); or (2) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). This subsection applies to home rule and general law municipalities. (§ 12 ch 74 SLA 1985; am § 5 ch 38 SLA 1986; am §§ 51, 52 ch 14 SLA 1987; am § 2 ch 20 SLA 1987)

**Legislative history reports.** — For an analysis of the amendments to this section made by §§ 51 and 52, ch. 14, SLA 1987, see 1987 House Journal Supplement No. 11, May 17, 1987, p. 7.

**Sec. 29.45.710. Combining sales and use tax with incorporation of a second class city.** A petition for incorporation of a second class city may request that a sales and use tax proposal be placed on the same ballot. The petition must state the proposed tax

**CITY OF KING COVE**

P.O. Box 37  
King Cove, Alaska 99612

March 4, 1999

**Representative Gary Davis**  
State Capitol - Room 513  
Juneau, AK 99801-1182

(faxed to 465-3835)

Dear Representative Davis:

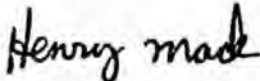
I am very pleased to learn of your sponsorship of House Bill 92. I am very supportive of this measure and am willing to help advocate it to other local governments.

About a year ago, I requested the King Cove City Council to impose an increase (i.e. higher than our 3% general sales tax) in local sales tax on alcoholic beverages only to learn that it wasn't allowed under State statute.

It is very clear to me that alcohol related activities have a direct relationship to the magnitude of services provided by our City police and clinic departments. A higher alcohol tax rate would help us offset the adverse impacts to the City budget in dealing with the alcohol related costs.

We would welcome the opportunity to have local voters decide on whether to impose such a tax. Thank you for taking action on this very important issue.

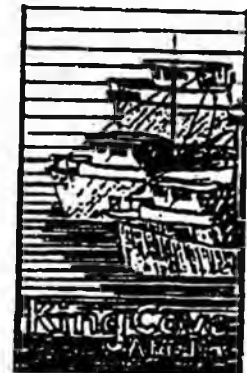
Sincerely,



Henry Mack  
Mayor

---

**Alex & Mattie Samuelson Office Building**  
907-497-2340 (phone)  
907-497-2594 (fax)  
Email - [kingcove@pobox.alaska.net](mailto:kingcove@pobox.alaska.net)





MAYOR AND CITY COUNCIL  
POST OFFICE BOX 1397, KODIAK, ALASKA 99615

TELEPHONE (907) 486-8635

FAX (907) 486-8600

February 28, 1999

Representative Gary Davis  
State Capitol  
Juneau, Alaska 99811

Dear Representative Davis:

Thank you for the foresight to sponsor legislation to address alcohol related social and law enforcement costs incurred by local government. The City of Kodiak supports HB 92. Although some may view this as a revenue source the City of Kodiak views it as one alternative to address costs of alcohol abuse and misuse now absorbed by the general taxpayer. The provision requiring a vote of the people is prudent and a reasonable protection to the liquor industry.

The statistics on alcohol related crime and social problems more than justify a method to tax the cause.

Sincerely,

CITY OF KODIAK

A handwritten signature in cursive script that reads "Carolyn L. Floyd".

Carolyn L. Floyd  
Mayor

cc: City Council  
Senator Jerry Mackie  
Representative Alan Austerman



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-453-5480

February 19, 1999

Representative Gary Davis  
State Capitol  
Juneau, AK 99811

Dear Representative Gary Davis:

Thank you for your introduction of HB 92, "An Act relating to municipal taxation of alcoholic beverages." This issue has been a top priority for the Alaska Municipal League and the Alaska Conference of Mayors for several years, and given the current state budget situation, it is even more important than ever. As pressure increases more and more on local sales and property taxes, municipalities need additional tools to pay for public services.

Under state statute adopted years ago, a special exemption on alcohol sales was granted which prohibited local voters from establishing a higher level on sales tax on alcohol in their community. We would like to stress that **this is not a new tax**, but only removes that restriction, and could only be done with the **approval of local voters**. Alcohol abuse is the number one health and public safety problem in Alaska and alcohol sales should not receive a special exemption.

As you are aware, costs to local taxpayers related to the use of alcohol are stunning. Some of the alcohol-related costs include:

- Police costs for alcohol-related felonies and misdemeanors
- Police costs to transport public inebriates
- Emergency medical services
- Hospital emergency care costs
- Prosecutions
- Direct treatment and rehabilitation of alcohol abusers
- Increase costs of youth and family services related to alcohol use
- Repair to property damage to public facilities
- Health insurance costs paid by local governments and school districts to treat alcohol-related health problems

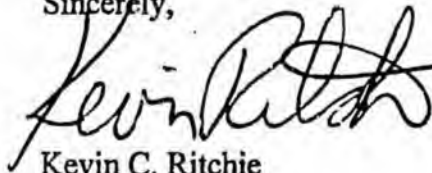
According to a fact sheet provided by Anchorage's Community Health Promotion Program last year, alcohol is involved in:

- 60 percent of motor vehicle crash fatalities
- 65 percent of suicide attempts
- 56 percent of total assaults
- 56 percent of domestic violence
- 53 percent of sexual assaults
- 34 to 50 percent of homicides
- 83 percent of child abuse.

We recognize the state may continue reducing support for services because of revenue shortfalls. As that burden increases on local taxpayers, it is critical they be given the proper tools to take on those burdens. Passage of HB 92 will provide an option to the voters of a community who are best able decide how they want to allocate their taxes to provide critical local services.

Again, our sincere thanks for recognizing the importance of this issue and if you need any additional information, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Ritchie", with a long horizontal line extending to the right.

Kevin C. Ritchie  
Executive Director

ALASKA STATE

# HOSPITAL & NURSING HOME

ASSOCIATION

February 25, 1999

Representative Carl Morgan  
Capitol Building, Room 409  
Juneau, AK 99801-1182

Dear Representative Morgan:

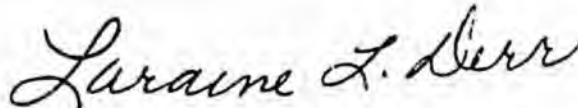
On March 4, 1999, the Community and Regional Affairs Committee will be hearing HB92 that lifts the restriction on municipal taxation of alcoholic beverages.

On behalf of the Alaska Association of Hospitals and Nursing Homes, I am writing in support of HB92. The cost of public inebriation in most of our cities and villages comes in several forms for hospitals. There is the issue of unreimbursed costs of direct care, the supplies and services that are provided in treating the individual. Second, there is the indirect cost of damaged equipment, linen, furniture, etc. as individuals get into or out of hospitals. Third is the cost for security staffing. There are many anecdotal stories that could highlight any one of these areas - which I am sure will be defined in testimony. I will not detail them here but would ask for your support of this bill.

HB 92 would give municipalities the opportunity to put the issue before the voters and let them decide whether the added revenue from a tax on alcoholic products would be beneficial in dealing with the costs of the results of alcohol consumption.

Thank you for your consideration of our letter of support.

Sincerely yours,



Laraine L. Derr  
President/CEO



# Alaska State Legislature

COMMUNITY AND REGIONAL  
AFFAIRS, FINANCE (...?)

Please enter into the record my testimony to the

committee name

committee on TAXATION OF ALCOHOLIC BEVERAGES dated

MARCH 3RD 1999

bill/subject

AS A VOTER, SMOKER AND CONCERNED  
CITIZEN I SUPPORT THE TAXATION OF ALCOHOLIC  
BEVERAGES.

SPECIFICALLY:

AS A VOTER I AM ALWAYS CONCERNED  
ABOUT BILLS/ACTS PENDING IN OUR MUNICIPAL,  
STATE OR FEDERAL GOVERNMENTS AND FEEL  
IT IS MY DUTY TO "VOICE" SUPPORT FOR THOSE  
I BELIEVE SHOULD BE ENACTED. THIS IS TRUE  
FOR HOUSE BILL NO. 92.

AS A SMOKER I FULLY SUPPORT THE  
INCREASE IN TAXATION ON TOBACCO PRODUCTS  
BELIEVING IT IS A FAIR WAY TO RAISE  
INCOME, WHILE AT THE SAME TIME ALLOWING

Signed:

R. Robinson  
Testifier

Representing (Optional)

P.O. BOX 2395, SITKA, 99835

Address

966-3075

Phone No.

→ THE INDIVIDUAL, ME, TO CHOOSE TO PARTICIPATE OR NOT VIA MY CHOICE TO PURCHASE TOBACCO PRODUCTS OR NOT. THIS IS HOW I VIEW/COMPARE HOUSE BILL NO. 92. AS A CONCERNED CITIZEN I AM OF THE OPINION THAT ALL REASONABLE SOURCES OF INCREASED INCOME FOR THE STATE & MY MUNICIPALITY (SITKA) SHOULD BE EXAMINED AND IMPLEMENTED IF FAIR AND REASONABLE. I BELIEVE HOUSE BILL NO 92. IS BOTH.

THANK YOU FOR THIS FORUM.

RNOghun



# Alaska State Legislature

Please enter into the record my testimony to the Community & Regional Affairs, Finance  
committee name

committee on House Bill #92, dated 3-4-99  
bill/subject

A sales tax on Alcoholic Beverages would be a positive proposition for a number of reasons.

- ① Increase of tax could lower Alcoholic Beverage consumption as the recent tax on cigarettes lowered the demand for them in Alaska.
- ② Alcoholic Beverages have cost the state of Alaska millions of dollars, and this tax could allow programs of prevention and treatment to be funded at a higher level.
- ③ Alaska truly needs to find more income streams and this one would work well.

Signed: Brian D. Massey Brian D. Massey  
Testifier

Myself & Family  
Representing (Optional)

Box 2324 Sitka AK  
Address

(907) 747-3139  
Phone No.

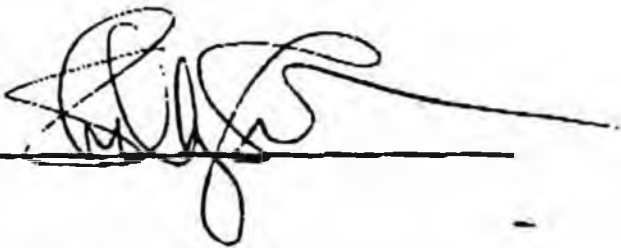


# Alaska State Legislature

Please enter into the record my testimony to the Community & Regional Affairs, Finance committee name  
 committee on House Bill No. 92, dated 3/4/99  
 bill/subject

As a voter, I would like to voice my support of House Bill 92 (municipal taxation of alcoholic beverages).

In a time of declining revenues, it strikes me that this bill would enable our community to raise additional funds that could be utilized to supplement existing prevention and intervention services.

Signed: Shelly Carlson   
 Testifier

Representing (Optional)  
107 Finn Alley Sitka, AK 99835  
 Address  
747-1042  
 Phone No.

Alaska Department of Revenue, Income and Excise Tax Division  
 Report of Alcoholic Beverages Distributed or Sold  
 1998 Taxable Gallons

	Liquor				
	District 1	District 2	District 3	District 4	Total
January	15,517	1,222	91,412	20,560	128,711
February	5,786	568	35,620	7,065	49,039
March	10,593	1,247	42,737	9,100	63,677
April	13,022	1,133	58,744	11,894	84,793
May	11,562	2,072	60,243	12,497	86,374
June	14,666	1,290	51,342	11,418	78,716
July	16,590	1,007	80,769	18,472	116,838
August	16,011	750	56,444	14,751	87,956
September	14,056	4,257	59,031	14,325	91,669
October	13,389	937	56,464	12,732	83,522
November	11,467	1,208	57,775	14,260	84,710
December	13,769	920	67,953	14,239	96,881
<b>Total</b>	<b>156,428</b>	<b>16,611</b>	<b>718,534</b>	<b>161,313</b>	<b>1,052,886</b>

	Wine				
	District 1	District 2	District 3	District 4	Total
January	17,826	553	101,517	19,160	139,056
February	9,710	168	46,150	9,243	65,271
March	13,972	1,057	63,956	12,615	91,600
April	14,766	674	75,675	12,852	103,967
May	17,704	1,442	79,382	13,896	112,424
June	18,651	764	72,525	14,792	106,732
July	23,511	883	89,593	18,971	132,958
August	23,344	545	93,988	17,845	135,722
September	21,156	2,547	80,159	17,109	120,971
October	15,976	761	78,420	15,037	110,194
November	14,477	542	73,643	14,357	103,019
December	18,951	642	92,516	16,416	128,525
<b>Total</b>	<b>210,044</b>	<b>10,578</b>	<b>947,524</b>	<b>182,293</b>	<b>1,350,439</b>

	Beer				
	District 1	District 2	District 3	District 4	Total
January	151,125	1,576	808,011	177,799	1,138,511
February	120,913	895	603,567	147,601	872,976
March	125,953	2,035	552,167	133,583	813,738
April	167,526	2,904	716,563	152,105	1,039,098
May	175,425	26,002	774,168	178,355	1,153,950
June	232,925	23,535	847,940	217,029	1,321,429
July	260,913	535	1,051,676	249,857	1,562,981
August	264,396	1,275	960,478	254,130	1,480,279
September	206,566	54,367	842,844	237,695	1,341,472
October	170,208	6,221	776,194	171,201	1,123,824
November	154,733	898	735,918	181,973	1,073,522
December	131,242	1,867	682,092	155,246	970,447
<b>Total</b>	<b>2,030,683</b>	<b>120,243</b>	<b>8,669,526</b>	<b>2,101,328</b>	<b>12,921,780</b>

	Total Alcohol				
	District 1	District 2	District 3	District 4	Total
January	184,468	3,351	1,000,940	217,519	1,406,278
February	136,409	1,631	685,337	163,909	987,286
March	150,518	4,339	658,860	155,298	969,015
April	195,314	4,711	850,982	176,851	1,227,858
May	204,691	29,516	913,793	204,748	1,352,748
June	266,242	25,589	971,807	243,239	1,506,877
July	301,014	2,425	1,222,038	287,300	1,812,777
August	303,751	2,570	1,110,910	286,726	1,703,957
September	241,778	61,171	982,034	269,129	1,554,112
October	199,573	7,919	911,078	198,970	1,317,540
November	180,677	2,648	867,336	210,590	1,261,251
December	163,962	3,429	842,561	185,901	1,195,853
<b>Total</b>	<b>2,364,435</b>	<b>145,870</b>	<b>10,175,115</b>	<b>2,414,279</b>	<b>15,099,699</b>

Source: State of Alaska, Department of Revenue, Division of Income and Excise Tax Division ([www.revenue.state.ak.us/iea/alcohol/](http://www.revenue.state.ak.us/iea/alcohol/))

## Alaska Communities by Judicial District: 1998 Population

Community/Borough Judicial District 1	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Angoon	587	2nd Class City
Coffman Cove	255	2nd Class City
Covenant Life	56	Unincorporated
Craig	2,145	1st Class City
Cube Cove	132	Unincorporated
Edna Bay	56	Unincorporated
Elfin Cove	50	Unincorporated
Game Creek	65	Unincorporated
Gustavus	368	Unincorporated
Haines	1,463	1st Class City
Haines Borough	2,476	3rd Class Borough
Hobart Bay	94	Unincorporated
Hollis	196	Unincorporated
Hoonah	896	1st Class City
Hydaburg	405	1st Class City
Hyder	133	Unincorporated
Juneau	30,684	Unified Home Rule Municipality
Kake	783	1st Class City
Kasaan	41	2nd Class City
Ketchikan	8,460	Home Rule City
Ketchikan Gateway Borough	14,231	2nd Class Borough
Klawock	659	1st Class City
Klukwan	141	Unincorporated
Kupreanof	24	2nd Class City
Lutak	53	Unincorporated
Metlakatla	1,502	Federal Law (Indian Reservation)
Meyers Chuck	31	Unincorporated
Mosquito Lake	95	Unincorporated
Naukatli Bay	168	Unincorporated
Pelican	149	1st Class City
Petersburg	3,398	Home Rule City
Point Baker	53	Unincorporated
Polk Inlet	19	Unincorporated
Port Alexander	90	2nd Class City
Port Protection	54	Unincorporated
Rowan Bay	2	Unincorporated
Saxman	379	2nd Class City
Sitka	8,779	Unified Home Rule Municipality
Skagway	814	1st Class City
Tenakee Springs	101	2nd Class City
Thorne Bay	597	2nd Class City
Whale Pass	95	Unincorporated
Whitestone Logging Camp	153	Unincorporated
Wrangell	2,589	Home Rule City
Yakutat	810	Home Rule Borough
Total Judicial District 1	84,331	

## Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Judicial District 2		
Alakanuk	671	2nd Class City
Ambler	315	2nd Class City
Anaktuvuk Pass	308	2nd Class City
Andreafsky	459	<i>Located in City of St. Mary's</i>
Atkasuk	259	2nd Class City
Barrow	4,397	1st Class City
Brevig Mission	274	2nd Class City
Buckland	408	2nd Class City
Chevak	741	2nd Class City
Deadhorse	25	Unincorporated
Deering	156	2nd Class City
Diomedea	176	2nd Class City
Ellm	306	2nd Class City
Emmonak	838	2nd Class City
Gambell	670	2nd Class City
Golovin	142	2nd Class City
Hooper Bay	1,039	2nd Class City
Kaktovik	255	2nd Class City
Kiana	402	2nd Class City
Kotlik	349	2nd Class City
Kotzebue	102	2nd Class City
Kotlik	552	2nd Class City
Kotzebue	2,964	2nd Class City
Koyuk	296	2nd Class City
Marshall	300	2nd Class City
Mountain Village	793	2nd Class City
Noatak	410	Unincorporated
Nome	3,706	1st Class City
Noorvik	598	2nd Class City
North Slope Borough	9,389	Home Rule Borough
Northwest Arctic Borough	6,844	Home Rule Borough
Nulqsut	459	2nd Class City
Pilot Station	558	2nd Class City
Pitka's Point	151	Unincorporated
Point Hope	787	2nd Class City
Point Lay	209	Unincorporated
Port Clarence	23	Unincorporated
Prudhoe Bay	47	Unincorporated
Russian Mission	295	2nd Class City
Saint Mary's	494	1st Class City
Saint Michael	362	2nd Class City
Savoonga	632	2nd Class City
Scammon Bay	450	2nd Class City
Selawik	746	2nd Class City
Shaktolik	226	2nd Class City
Sheldon Point	161	2nd Class City
Shishmaref	538	2nd Class City
Shungnak	257	2nd Class City
Stebbins	548	2nd Class City
Teller	262	2nd Class City
Unalakleet	784	2nd Class City
Wainwright	543	2nd Class City
Wales	177	2nd Class City
White Mountain	188	2nd Class City

Total Judicial District 2

47,041

## Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Judicial District 3		
Adak	7	Unincorporated
Akhlok	109	2nd Class City
Akutan	408	2nd Class City
Aleknagik	259	2nd Class City
Aleutians East Borough	2,199	2nd Class Borough
Alexander Creek	36	Unincorporated
Anchor Point	1,188	Unincorporated
Anchorage	258,782	Unified Home Rule Municipality
Atka	115	2nd Class City
Big Lake	2,228	Unincorporated
Bristol Bay Borough	1,297	2nd Class Borough
Butte	2,654	Unincorporated
Chase	56	Unincorporated
Chenega Bay	35	Unincorporated
Chickaloon	208	Unincorporated
Chignik	121	2nd Class City
Chignik Lagoon	70	Unincorporated
Chignik Lake	138	Unincorporated
Chirliak	75	Unincorporated
Chistochina	56	Unincorporated
Clam Gulch	108	Unincorporated
Clark's Point	63	2nd Class City
Cohoe	602	Unincorporated
Cold Bay	103	2nd Class City
Cooper Landing	283	Unincorporated
Copper Center	525	Unincorporated
Copperville	185	Unincorporated
Cordova	2,571	Home Rule City
Crown Point	102	Unincorporated
Dillingham	2,332	1st Class City
Egegik	132	2nd Class City
Ekiutna	436	<i>Located in Municipality of Anchorage</i>
Ekuk	2	Unincorporated
Ekwok	120	2nd Class City
Eyak	169	<i>Located in City of Cordova</i>
False Pass	58	2nd Class City
Fox River	439	Unincorporated
Fritz Creek	1,998	Unincorporated
Gakona	24	Unincorporated
Glennallen	488	Unincorporated
Halibut Cove	74	Unincorporated
Happy Valley	400	Unincorporated
Homer	4,155	1st Class City
Hope	135	Unincorporated
Houston	939	2nd Class City
Iglugig	51	Unincorporated
Illamna	102	Unincorporated
Ivanof Bay	30	Unincorporated
Jakolof Bay	51	Unincorporated
Kachemak	419	2nd Class City
Kailfonsky	338	Unincorporated
Kartuk	48	Unincorporated
Kasilof	558	Unincorporated
Kenai	7,058	Home Rule City
Kenai Peninsula Borough	48,815	2nd Class Borough
Kenny Lake	490	Unincorporated

## Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
King Cove	703	1st Class City
King Salmon	480	Unincorporated
Knik	461	Unincorporated
Kodiak	6,859	Home Rule City
Kodiak Island Borough	13,848	2nd Class Borough
Kodiak Station	1,703	Unincorporated
Kokhanok	175	Unincorporated
Kolliganek	202	Unincorporated
Lake & Peninsula Borough	1,867	Home Rule Borough
Larsen Bay	127	2nd Class City
Lazy Mountain	1,091	Unincorporated
Levelock	128	Unincorporated
Manokotuk	396	2nd Class City
Matanuska-Susitna Borough	55,747	2nd Class Borough
Meadow Lakes	4,823	Unincorporated
Mendeltna	59	Unincorporated
Mentasta Lake	102	Unincorporated
Moose Pass	134	Unincorporated
Naknek	666	Unincorporated
Nanwalek	180	Unincorporated
Nelson Lagoon	80	Unincorporated
New Stuyahok	435	2nd Class City
Newhalen	191	2nd Class City
Nikiski	3,060	Unincorporated
Nikolaevsk	467	Unincorporated
Nikolski	35	Unincorporated
Ninilchik	675	Unincorporated
Nondalton	227	2nd Class City
Old Harbor	297	2nd Class City
Ouzinkle	252	2nd Class City
Palmer	4,318	Home Rule City
Paxson	32	Unincorporated
Pedro Bay	45	Unincorporated
Perryville	107	Unincorporated
Pilot Point	102	2nd Class City
Port Alsworth	63	Unincorporated
Port Graham	190	Unincorporated
Port Heiden	126	2nd Class City
Port Lions	242	2nd Class City
Port William	9	Unincorporated
Portage Creek	14	Unincorporated
Primrose	62	Unincorporated
Ridgeway	2,381	Unincorporated
Saint George	173	2nd Class City
Saint Paul	761	2nd Class City
Salamatof	1,135	Unincorporated
Sand Point	830	1st Class City
Seldovia	281	1st Class City
Seward	3,040	Home Rule City
Skwentna	80	Unincorporated
Soldotna	4,134	1st Class City
South Naknek	148	Unincorporated
Sterling	5,888	Unincorporated
Sutton	473	Unincorporated
Talkeetna	366	Unincorporated
Tatitlek	110	Unincorporated
Tazlina	280	Unincorporated
Togiak	801	2nd Class City

Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400	
	1998 Pop.	Incorporation Type
Tonsina	44	Unincorporated
Trapper Creek	353	Unincorporated
Twin Hills	81	Unincorporated
Tyonek	152	Unincorporated
Ugashik	2	Unincorporated
Unalaska	4,285	1st Class City
Valdez	4,155	Home Rule City
Wasilla	5,134	1st Class City
Whittier	306	2nd Class City
Willow	430	Unincorporated
Womens Bay	674	Unincorporated
Total Judicial District 3	481,721	

## Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Judicial District 4		
Aklachak	569	Unincorporated
Akiak	316	2nd Class City
Alatna	32	<i>Located in City of Allakaket</i>
Aican	11	Unincorporated
Allakaket	192	2nd Class City
Anderson	524	2nd Class City
Aniak	576	2nd Class City
Anvik	100	2nd Class City
Arctic Village	117	Unincorporated
Atmautluak	286	Unincorporated
Beaver	125	Unincorporated
Bethel	5,463	2nd Class City
Bettles	25	2nd Class City
Big Delta	519	Unincorporated
Birch Creek	35	Unincorporated
Cantwell	166	Unincorporated
Central	61	Unincorporated
Chalkyitsik	100	Unincorporated
Chefornak	423	2nd Class City
Chitina	91	Unincorporated
Chuathbaluk	112	2nd Class City
Circle	86	Unincorporated
Circle Hot Springs	33	Unincorporated
Coldfoot	17	Unincorporated
College	12,407	Unincorporated
Crooked Creek	144	Unincorporated
Delta Junction	884	2nd Class City
Denali Borough	1,864	Home Rule Borough
Dot Lake	66	Unincorporated
Dry Creek	134	Unincorporated
Eagle	168	2nd Class City
Eagle Village	35	Unincorporated
Eek	309	2nd Class City
Elson AFB	4,947	Unincorporated
Ester	236	Unincorporated
Evansville	23	Unincorporated
Fairbanks	31,601	Home Rule City
Fairbanks North Star Borough	83,928	2nd Class Borough
Ferry	74	Unincorporated
Fort Greely	686	Unincorporated
Fort Yukon	553	2nd Class City
Fox	326	Unincorporated
Galena	544	1st Class City
Goodnews Bay	256	2nd Class City
Grayling	195	2nd Class City
Gulkana	96	Unincorporated
Harding Lake	30	Unincorporated
Healy	641	Unincorporated
Healy Lake	62	Unincorporated
Holy Cross	277	2nd Class City
Hughes	72	2nd Class City
Huslia	248	2nd Class City
Katag	250	2nd Class City
Kasigluk	524	Unincorporated
Kipnuk	556	Unincorporated
Kongiganak	348	Unincorporated

## Alaska Communities by Judicial District: 1998 Population

Community/Borough	Statewide Population = 621,400 1998 Pop.	Incorporation Type
Koyukuk	130	2nd Class City
Kwethluk	667	2nd Class City
Kwigillingok	324	Unincorporated
Lake Minchumina	46	Unincorporated
Lignite	130	Unincorporated
Lime Village	56	Unincorporated
Lower Kalskag	206	2nd Class City
Manley Hot Springs	94	Unincorporated
McCarthy	33	Unincorporated
McGrath	441	2nd Class City
McKinley Park	184	Unincorporated
Mekoryuk	192	2nd Class City
Minto	251	Unincorporated
Moose Creek	677	Unincorporated
Napaimute	3	Unincorporated
Napaklak	373	2nd Class City
Napaskiak	391	2nd Class City
Nenana	435	Home Rule City
Newtok	267	Unincorporated
Nightmute	222	2nd Class City
Nikolai	103	2nd Class City
North Pole	1,619	Home Rule City
Northway	124	Unincorporated
Northway Junction	114	Unincorporated
Northway Village	113	Unincorporated
Nulato	353	2nd Class City
Nunapitchuk	479	2nd Class City
Oscarville	60	Unincorporated
Platinum	41	2nd Class City
Pleasant Valley	542	Unincorporated
Quinhagak	612	2nd Class City
Rampart	64	Unincorporated
Red Devil	39	Unincorporated
Ruby	204	2nd Class City
Salcha	390	Unincorporated
Shageluk	152	2nd Class City
Siana	59	Unincorporated
Sleetmute	105	Unincorporated
Stevens Village	100	Unincorporated
Stony River	36	Unincorporated
Takotna	58	Unincorporated
Tanacross	88	Unincorporated
Tanana	317	1st Class City
Tellida	2	Unincorporated
Tetlin	73	Unincorporated
Tok	1,214	Unincorporated
Toksook Bay	515	2nd Class City
Tuluksak	421	Unincorporated
Tuntutullak	357	Unincorporated
Tununak	330	Unincorporated
Two Rivers	612	Unincorporated
Upper Kalskag	268	2nd Class City
Venette	245	Unincorporated
Wiseman	19	Unincorporated
Total Judicial District 4	167,493	

Chapter 43.60. EXCISE TAX ON ALCOHOLIC BEVERAGES

Sec. 43.60.010. Alcoholic beverage tax.

(a) Every brewer, distiller, bottler, jobber, retailer, wholesaler, or manufacturer who sells alcoholic beverages in the state or who consigns shipments of alcoholic beverages into the state, whether or not the alcoholic beverages are brewed, distilled, bottled, or manufactured in the state, shall pay on all malt beverages (alcoholic content of one percent or more by volume), wines, and hard or distilled alcoholic beverages, the following taxes:

(1) malt beverages at the rate of 35 cents a gallon or fraction of a gallon; (*federal tax is \$.58 a gallon*)

(2) wine or other beverages of 21 percent alcohol by volume or less, at the rate of 85 cents a gallon or fraction of a gallon; and (*federal tax is \$1.07 a gallon*)

(3) other beverages having a content of more than 21 percent alcohol by volume at the rate of \$5.60 a gallon. (*federal tax is \$13.50 a gallon*)