Alaska State Legislature

Senate Majority Web: http://www.akrepublicans.org

Sponsor: Senate Labor & Commerce
Current Version: SB 291
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Fact Sheet for: Senate Bill 291

Short Title: Unstamped Cigarettes

Summary:

- Gives distributors and retailers another 90 days, until June 30, 2004, to dispose of cigarette inventories that do not have a tax stamp. The cigarettes must have been in the state prior to Jan. 1, 2004, the effective date of the bill that required the stamps.

Benefits:

- Businesses that sell cigarettes will be given more time to sell their unstamped cigarette inventory that they did not anticipate having on hand.
- Protects distributors and retailers from financial loss and fines by the Department of Revenue for having "contraband" (unstamped cigarettes) in their possession past the deadline date.

Background:

- SB 168, the Tobacco Tax Stamp bill passed in 2003, set a deadline of March 31, 2004 for retailers and distributors to sell cigarettes that do not have a stamp.
- Although 90 days was deemed sufficient based on the experience of other states, last fall the tobacco companies changed their long-standing liberal returned-goods policy, making it literally impossible for businesses to return cigarettes for a full credit.
- Current law also does not allow for the sale of cigarettes below cost, otherwise known as "loss-leaders" to enhance tobacco sales, which makes it difficult for retailers to sell off their unstamped cigarette inventory more quickly.