

ALASKA STATE LEGISLATURE

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REPRESENTATIVE JIM ELKINS

SPONSOR STATEMENT

House Bill 443

“An act relating to municipal taxation of tobacco products”

House Bill 443 will prohibit the introduction of any new tobacco excise taxes by local municipalities. The implementation of special “local” excise taxes on cigarettes and tobacco products by local governments are encroaching on the legitimate right of the state to regulate these products. Most municipalities have no health powers to justify their taxation of these products and the revenues derived go to the city’s general fund instead of a tobacco cessation program.

The proliferation of local excise taxes creates a confusing and inconsistent reporting burden on legitimate Alaskan licensed wholesalers doing business throughout the state. Different communities have different tax rates and filing deadlines, which creates a confusing web of reporting requirements for statewide wholesalers.

The new Section 29.45.820, states that a municipality may not impose excise taxes on tobacco products except a sales tax on or applicable to tobacco sales that were in effect before July 1, 2005, and apply to home rule and general law municipalities.

The Act will take effect on January 1, 2007.