

Presented by: The Manager
Introduced: 08/11/2003
Drafted by: J.W. Hartle

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2003-37

An Ordinance Proposing an Increase in the Excise Tax on Tobacco Products, to Become Effective Only If Approved by the Voters at the Next Regular Election.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. Sections 2, 3, 4, 5, and 6 of this ordinance, if approved by the voters pursuant to Section 7, are of a general and permanent nature and shall become a part of the City and Borough code. Sections 7 and 8 of this ordinance are noncode sections.

Section 2. Amendment of Section. CBJ 69.08.010, Definitions, is amended to read:

69.08.010 Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Distributor means a person who brings cigarettes or other tobacco products, or causes them to be brought, into the City and Borough, and who sells or distributes them to others in the City and Borough.

Sale means a sale, barter, exchange, and every other manner of transferring the ownership of personal property.

Cigarette means a roll for smoking of any size or shape, made wholly or partly of tobacco, whether the tobacco is flavored, adulterated, or mixed with another ingredient, if the wrapper or cover of the roll is made of paper or a material other than tobacco;

Other tobacco product means:

- (1) [Reserved.]
- (2) A cigar;
- (3) A cheroot;
- (4) A stogie;
- (5) A perique;
- (6) Snuff and snuff flour;
- (7) Smoking tobacco, including granulated, plug-cut, crimp-cut, ready-rubbed, and any form of tobacco suitable for smoking in a pipe or cigarette;
- (8) Chewing tobacco, including cavendish, twist, plug, scrap, and tobacco suitable for chewing; or
- (9) An article or product made of tobacco or a tobacco substitute, but not including a tobacco substitute prescribed by a licensed physician.

Wholesale price means the price the distributor pays for a tobacco product, after deduction of a discount or other reduction received by the distributor for quantity or cash.

Section 3. Amendment of Section. CBJ 69.08.020, Imposition of excise tax on tobacco products, is amended to read:

69.08.020 Imposition of excise tax on tobacco products.

(a) The City and Borough hereby levies an excise tax of thirty cents per pack of cigarettes brought into the City and Borough after December 31, 2003.

(b) The City and Borough hereby levies an excise tax on other tobacco products at the rate of twelve percent of the wholesale price of tobacco products brought into the City and Borough after December 31, 2003.

(c) It is the intent and purpose of this chapter to provide for the collection of the excise tax from the distributor who brings cigarettes or other tobacco products into the City and Borough. The excise tax is levied when a distributor brings, or causes to be brought, cigarettes or other tobacco products into the City and Borough from outside the City and Borough for sale.

Section 4. Amendment of Section. CBJ 69.08.030, Exemptions, is amended to read:

69.08.030 Exemptions.

The tax imposed under this chapter does not apply to:

(a) Cigarettes or other tobacco products brought into the City and Borough by an exchange, commissary, or ship's stores operated by one of the uniformed services of the United States as defined in 5 USC 2101.

(b) Cigarettes or other tobacco products if the United States Constitution or other federal laws prohibit the levying of the tax on the product by the City and Borough.

(c) Cigarettes or other tobacco products brought into the City and Borough for sale outside of the City and Borough. Any distributor who brings cigarettes or other tobacco products into the City and Borough for sale outside of the City and Borough shall be allowed a per pack of cigarettes tax credit or a tax credit based on the wholesale price of the tobacco products. The distributor must maintain sufficient documentation to verify the wholesale price and shipping for the tobacco products.

Section 5. Amendment of Section. CBJ 69.08.040, Registration, is amended to read:

69.08.040 Registration.

(a) No person may sell, purchase, possess or bring cigarettes or other tobacco products into the City and Borough as a distributor without first registering with the City and Borough. The registration shall be on a form provided by the department and must include the information requested by the department.

(b) The registration required by this chapter is in addition to any other registration or license required by law.

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Section 6. Amendment of Section. CBJ 69.08.050, Quarterly returns; penalties and interest for delinquency, is amended to read:

69.08.050 Quarterly returns; penalties and interest for delinquency.

(a) Every distributor shall, on or before the last day of the month succeeding the end of each quarter year ending March 31, June 30, September 30 and December 31, complete an excise tax return for the preceding quarter year upon forms to be furnished by the City and Borough, and sign and transmit the return to the City and Borough manager. The return must include a total count of the number of packs of cigarettes and the wholesale price of the other tobacco products brought into the City and Borough during the preceding quarter, the amount of excise tax due, a count of the packs of cigarettes and the wholesale price of the other tobacco products for which an exemption is claimed, the amount of tax credit claimed under section 69.08.030, and such other information and supporting documentation as the City and Borough may require.

Section 7. Submission of Question to Voters. (a) The question of whether an excise tax of thirty cents per pack of cigarettes shall be levied and the excise tax on other tobacco products shall be increased from six to twelve percent, as set forth in Section 3, shall be submitted to the qualified voters of the City and Borough at the regular municipal election to be held October 7, 2003.

(b) The City and Borough Clerk shall prepare the proposition to be submitted to the qualified voters of the City and Borough as set forth in Section 3 above.

Section 8. Proposition. The proposition to be submitted to the qualified voters of the City and Borough, as required by Section 7 above, shall read substantially as follows:

PROPOSITION NO.

AUTHORIZATION TO INCREASE THE CBJ EXCISE TAX ON TOBACCO PRODUCTS FROM SIX PERCENT OF THE WHOLESALE PRICE ON ALL TOBACCO PRODUCTS TO THIRTY CENTS PER PACK OF CIGARETTES AND TWELVE PERCENT OF THE WHOLESALE PRICE ON ALL OTHER TOBACCO PRODUCTS.

Shall the City and Borough increase its excise tax on tobacco products from six percent on all tobacco products to thirty cents per pack of cigarettes and twelve percent of the wholesale price on all other tobacco products brought into the City and Borough, effective January 1, 2004, the tax to be collected from the distributor that brings the tobacco products into the City and Borough?

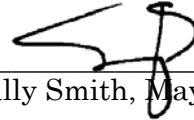
YES

NO

Section 9. Effective Dates. (a) The increase in the tobacco products excise tax proposed in Section 3 of this ordinance, if approved by a majority of the qualified voters of the City and Borough voting on the question in the election to be held on October 7, 2003, along with the other changes proposed in Sections 2, 4, 5, and 6, shall be effective on January 1, 2004.

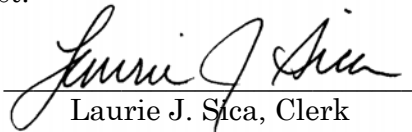
(b) Sections 7 and 8 of this ordinance shall be effective thirty days after adoption.

Adopted this 25th day of August, 2003.



Sally Smith, Mayor

Attest:



Laurie J. Sica, Clerk

Vote: Unanimous

Absent: Ridgeway; Powell