

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2015-25

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA, ALASKA AMENDING
TITLE 4 REVENUE AND FINANCE, AT CHAPTER 4.26 EXCISE TAX ON
CIGARETTES AND TOBACCO PRODUCTS, UNDER SECTIONS 4.26.010
APPLICABILITY OF CHAPTER; 4.26.020 TAX ON CIGARETTES; AND 4.26.030 TAX
ON OTHER TOBACCO PRODUCTS

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.

3. **PURPOSE.** The City and Borough owns and operates Sitka Community Hospital. The Assembly and Sitka Community Hospital need to consider several creative ways to increase revenues to help address budget shortfalls and maintain service levels. As authorized by the voters in 2005, taxes collected from sales of tax on tobacco products goes to a dedicated fund for Sitka Community Hospital. The municipality levies the excise tax adjusted annually by the Consumer Price Index based on the August release of the semiannual report in Anchorage, Alaska. Additionally, the city has imposed a 45% excise tax on the wholesale value of all other tobacco products. Through passage of this ordinance that excise tax on wholesale value will increase to 90%. All tax proceeds, as previously authorized by the voters could only be used to pay for the operating, capital, and debt service needs of Sitka Community Hospital.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that that Title 4 Revenue and Finance is amended to read as follows (old language stricken, new language underlined and bold):

**Title 4
Revenue and Finance
Chapter 4.26
EXCISE TAX ON CIGARETTES AND TOBACCO PRODUCTS**

Sections:

4.26.010 Applicability of chapter.

Unless provided otherwise, this chapter shall apply to the taxation of all cigarettes and tobacco products, **including smokeless tobacco products and electronic cigarettes**, brought into or acquired in the city and borough.

4.26.020 Tax on cigarettes.

A. The municipality hereby levies an excise tax of ~~forty~~ one hundred twenty three and one tenth (123.1) mills, adjusted annually as provided in subsection B of this section, on each cigarette brought into the city and borough beginning on ~~January 1, 2006~~ July 1, 2015. Cigarettes upon which the tax is imposed are not again subject to the tax when acquired by another person.

B. The annual Consumer Price Index adjustment shall be based on the August release date of the semiannual report for the municipality of Anchorage from the United States Department of Labor Statistics and determined to be the percent change to the current year from the average of the first and second halves of the prior year, and will be effective January 1st of each year following the August release date. The first such adjustment date shall be January 1, ~~2007~~ 2016

4.26.030 Tax on other tobacco products.

An excise tax of ~~forty-five~~ ninety percent of the wholesale price is levied on tobacco products other than cigarettes, including smokeless tobacco products and electronic cigarettes, ~~other than cigarettes~~, brought into the city and borough. The tax was first is levied effective January 1, 2006. Tobacco products upon which this tax is imposed are not again subject to this tax when acquired by another person.


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5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th day of June, 2015.


Mim McConnell, Mayor

ATTEST:


Melissa Henshaw
Acting Municipal Clerk

1st reading 4/28/15
postponed 5/12/15
2nd reading 6/9/15