




MUNICIPALITY OF ANCHORAGE
MEMORANDUM

DATE: November 02, 2017

TO: Lance Wilber, OMB Director

THRU:  Daniel Moore, Treasurer

THRU:  Blyss Cruz, Manager, Program Taxes & Tax Collection

FROM:  Regina James, Tax Enforcement Officer II

SUBJECT: Tobacco Tax Adjustment for 2018

In accordance with AMC 12.40.010, the excise tax on cigarettes will be 120.5 mills, or \$0.1205 per cigarette, \$2.41 per pack (rounded), and \$24.10 per carton effective January 1, 2018. This represents a change in the mill rate and is calculated as follows:

$(216.999 + 218.660)/2 = 217.830$	Average of 1st and 2nd halves 2016 CPI.
$(218.616 - 217.830)/217.829 = .003608318$	Change to 1st half of current year (2017)
.1201	2017 tobacco excise tax rate.
<u>x 1.003608318</u>	
.1205	2018 tobacco excise rate (rounded).

Attached is a copy of the July 15, 2017 Consumer Price Index (CPI-U) report for Anchorage.

As of January 1, 2011, the excise tax on other tobacco products has been 55% of the established wholesale price. This rate will not automatically increase on January 1, 2018. The recent annual data reveals tax on cigarettes accounts for about 85% of total annual tobacco taxes collected by the Municipality.

Notification of the 2018 tax rates will be forwarded to current tobacco tax licensees in the near future. Revised tax return forms showing this new rate will be made available to the taxpayers by Treasury no later than January 10, 2018.

Cc: Eric Larson, Revenue Analyst

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ANCHORAGE
 Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)

YEAR	SEMI-ANNUAL AVERAGE		ANNUAL AVERAGE	OVER-THE-YEAR PERCENT CHANGE			
	1st Half	2nd Half		YEAR	1st Half	2nd Half	ANNUAL AVERAGE
1990	116.9	120.4	118.6	1990	5.4	7.0	6.2
1991	123.3	124.7	124.0	1991	5.5	3.6	4.6
1992	127.3	129.1	128.2	1992	3.2	3.5	3.4
1993	131.5	132.8	132.2	1993	3.3	2.9	3.1
1994	134.3	135.8	135.0	1994	2.1	2.3	2.1
1995	138.2	139.5	138.9	1995	2.9	2.7	2.9
1996	141.8	143.7	142.7	1996	2.6	3.0	2.7
1997	144.1	145.4	144.8	1997	1.6	1.2	1.5
1998	146.7	147.0	146.9	1998	1.8	1.1	1.5
1999	148.6	148.3	148.4	1999	1.3	0.9	1.0
2000	150.0	151.9	150.9	2000	0.9	2.4	1.7
2001	154.4	156.0	155.2	2001	2.9	2.7	2.8
2002	157.5	159.0	158.2	2002	2.0	1.9	1.9
2003	161.1	163.9	162.5	2003	2.3	3.1	2.7
2004	165.6	167.8	166.7	2004	2.8	2.4	2.6
2005	169.6	174.1	171.8	2005	2.4	3.8	3.1
2006	176.7	177.9	177.3	2006	4.2	2.2	3.2
2007	179.394	183.080	181.237	2007	1.5	2.9	2.2
2008	187.659	191.335	189.497	2008	4.6	4.5	4.6
2009	190.032	193.456	191.744	2009	1.3	1.1	1.2
2010	194.834	195.455	195.144	2010	2.5	1.0	1.8
2011	200.278	202.576	201.427	2011	2.8	3.6	3.2
2012	205.215	206.617	205.916	2012	2.5	2.0	2.2
2013	210.853	213.910	212.381	2013	2.7	3.5	3.1
2014	214.777	216.833	215.805	2014	1.9	1.4	1.6
2015	217.111	216.706	216.909	2015	1.1	-0.1	0.5
2016	216.999	218.660	217.830	2016	-0.1	0.9	0.4
2017	218.616			2017	0.7		

Table of over-the-year percent increases. An entry for 2ndHalf 2005 indicates the percentage increase from 2ndHalf 2004 to 2ndHalf 2005 (in this example 3.8 percent).