



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 500-2020

Meeting Date: August 25, 2020

1 **From: ASSEMBLY MEMBERS LAFRANCE AND CONSTANT, AND**
2 **MAYOR BERKOWITZ**

3
4 **Subject: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENDING**
5 **THE EXCLUSION OF ELECTRONIC CIGARETTES AND VAPING**
6 **DEVICES FROM THE EXCISE TAX ON TOBACCO PRODUCTS,**
7 **BY AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER**
8 **12.40.**
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11 The proposed ordinance amends the excise tax on tobacco products code to
12 include e-cigarettes and other vapor inducing products in the definition of “other
13 tobacco products” and thereby bring these within the taxation power of the
14 Municipality. It also exempts substitutes prescribed by a licensed physician for
15 tobacco use cessation or harm reduction.
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17 The City and Borough of Juneau and Matanuska-Susitna Borough adopted nearly
18 identical amendments to their tobacco excise tax code provisions and have
19 successfully implemented them. Their tax rates for these products are 45% and
20 55%, respectively. The Municipality of Anchorage’s tax rate on “other tobacco
21 products” is currently 55% of the wholesale price and this ordinance would
22 authorize and levy that tax rate on e-cigarettes and vaping products.
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24 The primary objective of this ordinance is to reduce consumption of e-cigarettes
25 and vaping products, particularly among youth. It is the same purpose of the
26 current excise tax on cigarettes and other tobacco products in the Anchorage
27 Municipal Code. The U.S, Food and Drug Administration has never approved
28 vaping products or e-cigarettes as a cessation device or tool, stating they “may
29 expose users to some of the same toxic chemicals found in combustible cigarette
30 smoke.” The legislative purpose to reduce consumption and protect public health
31 is consistent with this federal public policy.
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33 Data for the amount of sales of e-cigarettes and vaping products in the Municipality
34 is not available, so a summary of economic effects is not included with this
35 ordinance.
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We request your support for the ordinance.

Prepared by: Assembly Counsel and Treasury Division
Concur: Lance Wilber, OMB Director
Concur: Alexander Slivka, CFO
Concur: Kathryn R. Vogel, Municipal Attorney
Concur: William D. Falsey, Municipal Manager

Respectfully submitted: Suzanne LaFrance, Assembly Member
District 6, South Anchorage, Turnagain Arm, and
Girdwood

Christopher Constant, Assembly Member
District 1, Downtown Anchorage

Ethan A. Berkowitz, Mayor