

*Postponed indefinitely 11/16/04*

Submitted by: Assemblymember Sullivan

Prepared by: Department of Assembly

For reading: October 12, 2004

**ANCHORAGE, ALASKA  
AO NO. 2004-149**

**AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.40, EXCISE TAX ON CIGARETTES AND TOBACCO PRODUCTS, TO ADD A NEW SECTION 12.40.022 TO ANNUALLY DEDICATE FIVE PERCENT OF THE GROSS REVENUE OF THE TAX TO TOBACCO CESSATION AND EDUCATION PROGRAMS AS IDENTIFIED BY THE MUNICIPAL DEPARTMENT OF HEALTH AND HUMAN SERVICES.**

THE ANCHORAGE ASSEMBLY ORDAINS:

**Section 1.** Anchorage Municipal Code Chapter 12.40, Excise Tax on Cigarettes and Tobacco Products, is hereby amended to add a new section 12.40.022 to read as follows:

**12.40.022 Annual dedication.**

Each fiscal year, five percent of the annual gross revenue of the excise tax on cigarettes and tobacco products shall be dedicated to tobacco cessation and education programs as identified by the Municipality of Anchorage Department of Health and Human Services.

**Section 2.** This ordinance shall become effective immediately upon its passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 776-2004

Meeting Date: October 12, 2004

**From:** Assemblymember Dan Sullivan

**Subject:** Dedication of Excise Tax on Cigarettes and Tobacco Products

At the September 21, 2004, regular Assembly meeting, ordinance serial number AO 2004-131 increasing the tobacco tax was adopted. AO 2004-149, if approved, annually dedicates five percent of the total tax revenue to tobacco cessation and education programs identified by the Department of Health and Human Services. Based on an estimated \$14.0 million dollars in total tobacco tax revenues, five percent equals approximately \$700,000. Dedicating a portion of the revenue to such programs should assist in promoting the public's health and may result in reducing medical and social costs associated with tobacco use.

Accordingly, I urge adoption of ordinance serial number 2004-149.

Respectfully submitted: Dan Sullivan, Assemblymember

## Content Information

**Content ID :** 002258

**Type:** Ordinance - AO

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY  
AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.40,

**Title:** EXCISE TAX ON CIGARETTES AND TOBACCO PRODUCTS, TO  
ADD A NEW SECTION 12.40.022 TO ANNUALLY DEDICATE FIVE  
PERCENT OF THE GROSS REVENUE OF THE TAX TO TOBACCO  
CE

**Author:** gray-jacksone

**Initiating Dept:** Assembly

**Date Prepared:** 10/8/04 2:59 PM

**Director Name:** Dick Traini

**Assembly**

**Meeting Date** 10/12/04

**MM/DD/YY:**

**Public Hearing**

**Date** ~~10/26/04~~ 11/16/04

**MM/DD/YY:**

## Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	10/8/04 3:00 PM	Checkin	gray-jacksone	Public	002258

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2004 OCT -8 PM 3:08  
CLERK OFFICE  
M.O.A



**MUNICIPALITY OF ANCHORAGE**  
**ASSEMBLY INFORMATION MEMORANDUM**

**NO. AIM 103-2004**

**Meeting Date: November 16, 2004**

**From: Assemblymember Sullivan**

**Subject: AO 2004-149 – DEDICATING 5% OF THE TOBACCO TAX REVENUES  
TO CESSATION AND EDUCATION PROGRAMS**

Attached is the Summary of Economic Effects to accompany AO 2004-149 regarding  
dedication of tobacco tax revenues.

Prepared by: Elvi Gray-Jackson, Director-Assembly Budget and Legislative Services

Submitted by: Dan Sullivan, Assemblymember

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

**AO Number:** 2004-149

**Title:** AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.40, EXCISE TAX ON CIGARETTES, TO ANNUALLY DEDICATE FIVE PERCENT TO TOBACCO CESSATION AND EDUCATION PROGRAMS

**Sponsor:** Assemblymember Sullivan

**Preparing Agency:** Department of Assembly

**Others Impacted:** Finance, Health and Human Services

**CHANGES IN EXPENDITURES AND REVENUES:**

(In Thousands of Dollars)

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
<b>Operating Expenditures</b>					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
<b>TOTAL DIRECT COSTS:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
<b>FUNCTION COST:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>REVENUES:</b>	<b>\$ 291</b>	<b>\$ 690</b>	<b>\$ 704</b>	<b>\$ 718</b>	<b>\$ 732</b>
<b>CAPITAL:</b>					
<b>POSITIONS: FT/PT and Temp</b>					

**PUBLIC SECTOR ECONOMIC EFFECTS:**

AO 2004-131 was approved on September 21, 2004 which increased the mill levy on the excise tax for cigarettes and other tobacco products. The summary of economic effects submitted with the ordinance estimated additional revenue in the amount of \$9,000,000 for the budget year 2005. The 2004 revised budget estimates \$4,900,000 in tobacco tax receipts; therefore, the total estimated tax is nearly \$14,000,000. AO 2004-149, if approved, will dedicate approximately 5% of that amount (\$700,000) to tobacco cessation and education programs as identified by the Municipality of Anchorage's Department of Health and Human Services. In a legal opinion produced by the Municipal Attorney, it was stated that approval of this ordinance would "require a dollar for dollar equivalent reduction of some other budgetary item." In essence, the Assembly would reduce appropriations in other areas of the budget in order to dedicate \$700,000 of the revenues collected to cessation and education programs.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

If this ordinance is approved, the proposed 2005 budget would have to be reduced by approximately \$700,000 in order to dedicate 5% of the tobacco tax receipts to cessation and education programs. In addition, the ordinance will take effect immediately upon passage and approval; therefore, 5% of the 2004 tax receipts would also have to be dedicated for this purpose which would result in a dollar for dollar reduction in the 2004 budget.

Prepared by: Elvi Gray-Jackson

Telephone: 343-4751

**Content Information****Content ID :** 002372**Type:** InfoMemorandum - AIM**Title:** AO 2004-149 – DEDICATING 5% OF THE TOBACCO TAX  
REVENUES TO CESSATION AND EDUCATION PROGRAMS**Author:** gray-jacksone**Initiating Dept:** Assembly**Date Prepared:** 11/10/04 11:55 AM**Director Name:** Dick Traini**Assembly Meeting**  
**Date MM/DD/YY:** 11/16/04**Public Hearing Date**  
**MM/DD/YY:** 11/16/04**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AIAIMSWorkflow	11/10/04 11:56 AM	Checkin	gray-jacksone	Public	002372

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2004 NOV 10 PM 12:59  
CLERK'S OFFICE  
M.O.A.*Adendum* — **REF. AO 2004-149 - NEW PUBLIC HEARINGS**