

MUNICIPALITY OF ANCHORAGE
MEMORANDUM

DATE: September 28, 2015

TO: Marilyn Banzhaf, Deputy OMB Director

THRU:  Daniel Moore, Treasurer

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

FROM:  Erin Rainwater, Tax Enforcement Officer II

SUBJECT: Tobacco Tax Adjustment for 2016

In accordance with AMC 12.40.010, the excise tax on cigarettes will be 120.1 mills, or \$0.1201 per cigarette, \$2.40 per pack (rounded), and \$24.02 per carton effective January 1, 2016. This represents an increase of 0.7 mills (approximately \$0.01 per pack rounded and \$0.14 per carton) over the 2015 tax rate of 119.4 mills and is calculated as follows:

$(214.777 + 216.833)/2 = 215.805$	Average of 1st and 2nd halves 2014 CPI.
$(217.111 - 215.805)/215.805 = .00605176$	Change to 1st half of current year (2015)
.1194	2015 tobacco excise tax rate.
<u>x 1.00605176</u>	
.1201	2016 tobacco excise rate (rounded).

Attached is a copy of the August 7, 2015 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, 2016. The recent annual data reveals tax on cigarettes accounts for about 86% of total annual tobacco taxes collected by the Municipality.

Notification of the 2016 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, 2016.

Cc: Eric Larson, Revenue Analyst

08/07/15

ANCHORAGE

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

YEAR	SEMI-ANNUAL AVERAGE			OVER-THE-YEAR PERCENT CHANGE		
	1st Half	2nd Half	ANNUAL AVERAGE	1st Half	2nd Half	ANNUAL AVERAGE
1988	108.4	108.9	108.6	0.1	0.7	0.4
1989	110.9	112.5	111.7	2.3	3.3	2.9
1990	116.9	120.4	118.6	5.4	7.0	6.2
1991	123.3	124.7	124.0	5.5	3.6	4.6
1992	127.3	129.1	128.2	3.2	3.5	3.4
1993	131.5	132.8	132.2	3.3	2.9	3.1
1994	134.3	135.8	135.0	2.1	2.3	2.1
1995	138.2	139.5	138.9	2.9	2.7	2.9
1996	141.8	143.7	142.7	2.6	3.0	2.7
1997	144.1	145.4	144.8	1.6	1.2	1.5
1998	146.7	147.0	146.9	1.8	1.1	1.5
1999	148.6	148.3	148.4	1.3	0.9	1.0
2000	150.0	151.9	150.9	0.9	2.4	1.7
2001	154.4	156.0	155.2	2.9	2.7	2.8
2002	157.5	159.0	158.2	2.0	1.9	1.9
2003	161.1	163.9	162.5	2.3	3.1	2.7
2004	165.6	167.8	166.7	2.8	2.4	2.6
2005	169.6	174.1	171.8	2.4	3.8	3.1
2006	176.7	177.9	177.3	4.2	2.2	3.2
2007	179.394	183.080	181.237	1.5	2.9	2.2
2008	187.659	191.335	189.497	4.6	4.5	4.6
2009	190.032	193.456	191.744	1.3	1.1	1.2
2010	194.834	195.455	195.144	2.5	1.0	1.8
2011	200.278	202.576	201.427	2.8	3.6	3.2
2012	205.215	206.617	205.916	2.5	2.0	2.2
2013	210.853	213.910	212.381	2.7	3.5	3.1
2014	214.777	216.833	215.805	1.9	1.4	1.6
2015	217.111			1.1		

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).