



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 500-2020

Meeting Date: August 25, 2020

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

**Subject: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENDING
THE EXCLUSION OF ELECTRONIC CIGARETTES AND VAPING
DEVICES FROM THE EXCISE TAX ON TOBACCO PRODUCTS,
BY AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER
12.40.**

The proposed ordinance amends the excise tax on tobacco products code to include e-cigarettes and other vapor inducing products in the definition of “other tobacco products” and thereby bring these within the taxation power of the Municipality. It also exempts substitutes prescribed by a licensed physician for tobacco use cessation or harm reduction.

The City and Borough of Juneau and Matanuska-Susitna Borough adopted nearly identical amendments to their tobacco excise tax code provisions and have successfully implemented them. Their tax rates for these products are 45% and 55%, respectively. The Municipality of Anchorage’s tax rate on “other tobacco products” is currently 55% of the wholesale price and this ordinance would authorize and levy that tax rate on e-cigarettes and vaping products.

The primary objective of this ordinance is to reduce consumption of e-cigarettes and vaping products, particularly among youth. It is the same purpose of the current excise tax on cigarettes and other tobacco products in the Anchorage Municipal Code. The U.S. Food and Drug Administration has never approved vaping products or e-cigarettes as a cessation device or tool, stating they “may expose users to some of the same toxic chemicals found in combustible cigarette smoke.” The legislative purpose to reduce consumption and protect public health is consistent with this federal public policy.

Data for the amount of sales of e-cigarettes and vaping products in the Municipality is not available, so a summary of economic effects is not included with this ordinance.

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