

IMPORTANT NOTICE REGARDING AN INCREASE IN ALASKA'S CIGARETTE EXCISE TAX

Cigarette Tax Rate Increase

Effective July 1, 2007, Alaska's tax on cigarettes will increase from \$.09 per cigarette (\$1.80 per pack of twenty) to \$.10 per cigarette (\$2.00 per pack of twenty). The tax increase legislation did not include a floor stock tax. Therefore, cigarettes physically in the state on or before June 30, 2007 will be taxed at the old rate of \$.09 per cigarette. Cigarettes imported into the state after June 30, 2007 will be taxed at the new rate of \$.10 per cigarette. These two rates apply only to those cigarettes manufactured by a participating manufacturer (PM). Participating manufacturers are those manufacturers that signed the tobacco Master Settlement Agreement (MSA).

Tax Increase on NPM Product

Effective July 1, 2007, cigarettes manufactured by a nonparticipating manufacturer (NPM) will increase from \$.1025 per cigarette (\$2.05 per pack of twenty) to \$.1125 per cigarette (\$2.25 per pack of twenty). Nonparticipating manufacturers are those manufacturers that did not sign the tobacco MSA.

Alaska Statute 43.50.470 prohibits the sale of cigarettes that are not listed on the State of Alaska Directory of Tobacco Products manufacturers and Cigarette Brands Approved for Sale and Importation. This frequently updated directory identifies PM and NPM brands and is located on the State of Alaska's official website at the following link:

http://www.Tax.Alaska.Gov/LicQuery/cigarette_manu.aspx

Cigarette Tax Stamps

The Alaska cigarette excise tax must be paid through the use of tax stamps. Cigarettes sold or possessed in the state that do not bear a tax stamp are contraband and subject to immediate seizure.

For more information concerning the cigarette tax increase, please contact either Janis Hales at (907) 269-6627 or Johanna Bales at (907) 269-6628 with the State of Alaska Tax Division.
