

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Department of Revenue
2. General subject of regulation: Cigarette and Other Tobacco Product Tax Regulations
3. Citation of regulation (may be grouped): 15 AAC 50
4. Department of Law file number, if any JU2014200710
5. Reason for the proposed action:
 - compliance with federal law
 - compliance with new or changed state statute
 - compliance with court order
 - development of program standards
 - other:

6. Appropriation/Allocation: Tax Division

7. Estimated annual costs in the aggregate to comply with the proposed action to:
 - Private Persons: \$0
 - Other State Agencies: \$0
 - Municipalities: \$0

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY 15	Subsequent Years
Operating Cost	\$0	\$0
Capital Cost	\$0	\$0
1002 Federal receipts	\$0	\$0
1003 General fund match	\$0	\$0
1004 General fund	\$0	\$0
1005 General fund/ program	\$0	\$0
1037 General fund/ mental health	\$0	\$0
Other	\$0	\$0

9. The name of the contact person for the regulations:

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Title Regulations Specialist
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10. The origin of the proposed action:

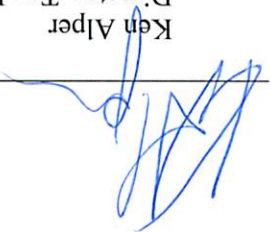
- staff of state agency
- federal government
- general public
- petition for regulation change
- other (please list) _____

11. Date:

4/28/18

Prepared by:
Name:
Title:
Telephone:

Ken Alper
Director, Tax Division
907-465-8221



15 AAC 50 is amended by adding a new section to read:

15 AAC 50.130. Joint administration of state and municipality tobacco taxes. (a) Municipalities, as defined in AS 29.71.800, participating in the joint administration of cigarette and other tobacco product taxes will either amend an existing written contract or enter into an initial written contract with the department to memorialize the responsibilities of each party to the agreement. Agreements must include:

- (1) detailed purpose and scope of the agreement between the parties;
- (2) limitations of the parties;
- (3) identification of representatives of each party; and
- (4) all pertinent appendices or other information deemed necessary by the department.

(b) Should the department administer municipal cigarette taxes pursuant to any agreement authorized by statute, the department may agree to

- (1) collect municipal taxes consistent with department practices, using department forms, timelines, and requirements;
- (2) jointly audit returns according to the department's practices and procedures; and
- (3) jointly investigate taxpayer activity.

(c) Reimbursement of costs to the department must include normal operating expenses associated with the administration of cigarette taxes within the department to include wages, benefits, litigation costs, and administration and overhead costs and be allocated in a manner prescribed by a written contract between the department and the participating municipality.

(d) Municipalities engaged with the department in the sharing of taxpayer information pertaining to cigarette and other tobacco product taxes will enter into a written contract with the department. The agreement must include the purpose, scope, limitations, and identification of parties authorized to share confidential information.

(e) Municipalities will require employees that will have access to department records to:

- (1) Read and become familiar with Tax Division confidentiality policies;
- (2) Agree to comply with all state confidentiality requirements;
- (3) Attend any Tax Division confidentiality trainings at the request of the division; and
- (4) Annually sign the Tax Division’s confidentiality agreement and return to the Tax Division.

(f) Information shared with municipalities will not be shared with other agencies, officials, or contractors working on behalf of the municipality unless authorization is granted by the department.

(g) Municipalities will be responsible for immediately notifying the department of any breach of confidentiality, mitigating any confidentiality breach per the contract with the department and bearing all relevant costs.

(h) The department may cease joint administration of cigarette and other tobacco product taxes if a municipality or its employees violates division confidentiality policies and requirements. (Eff. __/__/__, Register __)

Authority: AS 43.05.080 AS 45.53.040 AS 43.50.150
AS 43.50.035