



KETCHIKAN GATEWAY BOROUGH

1900 First Avenue, Suite 118, Ketchikan, Alaska 99901

• telephone: (907) 228-6620 • fax (907) 228-6698 • e-mail clairek@kgbak.us

Finance Department

October 24, 2016

Dear Merchant,

On October 4, 2016, voters approved Ordinance 1789-Amended, establishing a tobacco excise tax on cigarettes and other tobacco products including e-cigarettes and liquid solutions containing nicotine acquired within or brought into the Ketchikan Gateway Borough, effective January 1, 2017.

The tax is \$0.10 per cigarette (\$2.00 on a pack of 20) on each cigarette brought into the Borough. An excise tax of 50% of the wholesale price is levied on tobacco products other than cigarettes when acquired, or brought into the Borough, including e-cigarettes and liquid solutions containing nicotine.

Please note that the excise tax, unlike a sales tax, is levied on products as they are acquired or brought into the Borough, not when sold at the retailer or to the end customer. Exemptions, if appropriate, are claimed when the exemption is earned (ie, when the cigarettes are transported for sale outside the Borough, such as to a Prince of Wales or Metlakatla merchant).

All merchants that import any of these products into the Borough are required to register for a license and start remitting excise tax. The tax is effective January 1, 2017. The first tax report and remittance will be due April 30, 2017 for the quarter ending March 31, 2017.

All products containing tobacco and/or nicotine are subject to the tax. The list of sample products on the next page is offered to help clarify what is taxed, and what is not.

Included with this letter is a license registration. If your business imports or manufactures cigarettes, tobacco, other products containing tobacco or nicotine, or e-cigarettes and similar devices, you are required to register and obtain a tobacco license before the excise tax goes into effect on January 1, 2017. Failure to do so may result in fines and penalties. If your business does not import or manufacture cigarettes, tobacco, e-cigs, or products containing tobacco or nicotine, please sign and return the certificate at the bottom of this page before December 1, 2016 to the address, fax, or e-mail listed above.

If you have questions, please do not hesitate to contact Claire Kelly at 228-6609.

Cynna Gubatayao
Finance Director

Merchant Certification:

My business does not import or manufacture cigarettes, tobacco, e-cigarettes, liquid solutions containing nicotine, or any other tobacco or nicotine product subject to the Ketchikan Gateway Borough's tobacco excise tax. I understand that if this changes, I am required to apply for a tobacco license before importing any product into the Borough.

Date

Business Name & Location

Signature and Title - I certify I am authorized to sign on behalf of the business named above