




MUNICIPALITY OF ANCHORAGE
MEMORANDUM

DATE: August 5, 2024

TO: Ona Brause, OMB Director

THRU:  Glenn Cipriano, Treasurer

THRU:  Paula Reising, Manager, Program Taxes & Tax Collection

FROM:  Regina James, Tax Enforcement Officer II

SUBJECT: Tobacco Tax Adjustment for 2025

In accordance with AMC 12.40.010, the excise tax on cigarettes will be 137.0 mills, or \$0.1370 per cigarette, \$2.74 per pack (rounded), and \$27.40 per carton effective January 1, 2025. This represents a change in the mill rate and is calculated as follows:

| | |
|--|---|
| $(257.938 + 262.806)/2 = 260.372$ | Average of 1st and 2nd halves 2023 CPI. |
| $(264.376 - 260.372)/260.372 = .015377998$ | Change to 1st half of current year (2024) |
| .1349 | 2024 tobacco excise tax rate. |
| $\underline{x (1 + .015377998)}$ | |
| .1370 | 2025 tobacco excise tax rate (rounded). |

Attached is a copy of the July 2024 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, 2025. The recent annual data reveals tax on cigarettes accounts for about 83% of total annual tobacco taxes collected by the Municipality.

Notification of the 2025 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, 2025.

Consumer Price Index (CPI)

Consumer Price Index for Urban Alaska and the U.S.
Not Seasonally Adjusted - All Items - Urban Consumers

| Series ID | | U.S. | | | | | Urban Alaska | | | | | |
|-----------|----------|------|----------|-----|---------|-------------------------|--------------|------|----------|------|---------|-------------------------|
| Year | 1st Half | | 2nd Half | | Annual | 12-Month Percent Change | 1st Half | | 2nd Half | | Annual | 12-Month Percent Change |
| 2013 | 232.366 | 1.5 | 233.548 | 1.4 | 232.957 | 1.5 | 210.853 | 2.7 | 213.910 | 3.5 | 212.381 | 3.1 |
| 2014 | 236.384 | 1.7 | 237.088 | 1.5 | 236.736 | 1.6 | 214.777 | 1.9 | 216.833 | 1.4 | 215.805 | 1.6 |
| 2015 | 236.265 | -0.1 | 237.769 | 0.3 | 237.017 | 0.1 | 217.111 | 1.1 | 216.706 | -0.1 | 216.909 | 0.5 |
| 2016 | 238.778 | 1.1 | 241.237 | 1.5 | 240.007 | 1.3 | 216.999 | -0.1 | 218.660 | 0.9 | 217.830 | 0.4 |
| 2017 | 244.076 | 2.2 | 246.163 | 2.0 | 245.120 | 2.1 | 218.616 | 0.7 | 219.131 | 0.2 | 218.873 | 0.5 |
| 2018 | 250.089 | 2.5 | 252.125 | 2.4 | 251.107 | 2.4 | 223.099 | 2.1 | 227.992 | 4.0 | 225.545 | 3.0 |
| 2019 | 254.412 | 1.7 | 256.903 | 1.9 | 255.657 | 1.8 | 228.858 | 2.6 | 228.495 | 0.2 | 228.676 | 1.4 |
| 2020 | 257.557 | 1.2 | 260.065 | 1.2 | 258.811 | 1.2 | 225.049 | -1.7 | 227.258 | -0.5 | 226.153 | -1.1 |
| 2021 | 266.236 | 3.4 | 275.703 | 6.0 | 270.970 | 4.7 | 232.679 | 3.4 | 241.698 | 6.4 | 237.188 | 4.9 |
| 2022 | 288.347 | 8.3 | 296.963 | 7.7 | 292.655 | 8.0 | 252.271 | 8.4 | 260.576 | 7.8 | 256.423 | 8.1 |
| 2023 | 302.408 | 4.9 | 306.996 | 3.4 | 304.702 | 4.1 | 257.938 | 2.2 | 262.806 | 0.1 | 261.178 | 1.5 |
| 2024 | 312.145 | 4.9 | | | | | 264.376 | 2.5 | | | | |

Databases, Tables & Calculators by Subject ([bls.gov](https://www.bls.gov))