



Northwest Arctic Borough

163 Lagoon Street
P.O. Box 1110 Kotzebue, Alaska 99752
(907) 442-2500 Fax (907) 442-2930
www.nwabor.org

June 21, 2016

Re: Northwest Arctic Borough Tobacco Excise Tax

Dear Retailer:

We understand that you may sell cigarettes or other tobacco products in the Northwest Arctic Borough at retail to consumers. As you probably know, the Borough enacted a tobacco excise tax, effective July 1, 2016. The tax is not directly imposed on stores or other retailers who sell tobacco products in the Borough to consumers. Like many other jurisdictions, the Borough tobacco tax is only imposed on “distributors”—a business that brings cigarettes or other tobacco products into the Borough. In other words, if you operate a store that sells tobacco, the tax is paid by the business that supplies the tobacco products to you.

The tax is not a sales tax, and it is not imposed on the sale of tobacco products. If you sell tobacco products to consumers in the Borough, do not collect tax from your customers. Instead, the tax applies to distributors who import tobacco products into the Borough.

The tax was adopted as Chapter 7.12 of the Northwest Arctic Borough Code, a copy of which is enclosed. We encourage you to read through the Ordinance as it outlines all of the regulations of this tax. In general, for cigarettes, the tax is \$2.00 per pack of cigarettes brought into the Borough. For other tobacco products, the tax is 45 percent of the wholesale price of tobacco products brought into the Borough. If you purchase cigarettes or other tobacco products outside the Borough and import them into the Borough to sell, please contact the Borough at the number below to determine whether you are subject to the tax.

Please let us know if you have any questions about the tobacco excise tax. For example, if you if you bring tobacco products into the Borough (without going through a distributor), please contact us to determine whether you are subject to the tax. You can contact us in a number of ways. First, you can email your questions to our department at finance@nwabor.org. Second, you can mail your questions to P.O. Box 1110, Kotzebue, AK 99752. Finally, you can discuss the tax with us over the telephone by calling 907-442-2500.

We look forward to hearing from you.

Sincerely,

Angie Sturm
Director of Finance

CC: *Matt Mead, Legal Counsel* *LANDYE BENNETT BLUMSTEIN*

Ambler Ivisaappaat, Buckland Nunatchiaq, Deering Ipnatchiaq, Kiana Katyaak, Kivalina Kivalieiq, Kobuk Laugviik, Kotzebue Qikiqtabruk, Noatak Nautaaq, Noorvik Nuurvik, Selawik Akulibaq, Shungnak Isifnaq