

**CITY OF DAPHNE, ALABAMA
ORDINANCE 2025-18**

**AN ORDINANCE TO LEVY A LOCAL EXCISE TAX AND REQUIRE BUSINESS
LICENSES FOR THE SALE OF CONSUMABLE VAPOR PRODUCTS IN THE
CORPORATE LIMITS OF THE CITY OF DAPHNE**

WHEREAS, pursuant to Title 11, Chapter 51, Article 2 of the Code of Alabama, 1975, municipalities are granted the authority to license and tax businesses operating within their jurisdiction; and

WHEREAS, the City of Daphne desires to establish an excise tax on consumable vapor product wholesalers and retailers; and a gross-receipts-based business license requirement for wholesalers and retailers of consumable vapor products, in accordance with current state law;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, as follows:

SECTION 1. DEFINITIONS

The following terms, as used in this article, shall have the respective meanings as follows:

- a. **“City”** shall mean the City of Daphne, an Alabama municipal corporation.
- b. **“Person”** shall include every individual, partnership, limited liability company, association, limited liability partnership, or other form of organization engaged in any for-profit or not-for-profit activity.
- c. **“Consumable Vapor Product”** shall mean and have the same meaning as the term is defined in Section 40-23-1, Code of Alabama 1975.
- d. **“Vapor Product”** shall mean and have the same meaning as the term is defined in Section 40-23-1, Code of Alabama.
- e. **“Wholesaler”** shall mean any person or business entity who sells consumable vapor products to retailers and not to end-users.
- f. **“Retailer”** shall mean any person or business entity who sells consumable vapor products to individual consumers or to the end-user, whether from a storefront or online, and regardless of location.
- g. **“Gross Receipts”** shall mean the total revenue received from the sale of consumable vapor products from all sources and before deductions.
- h. **“Milliliter (mL)”** shall mean one thousandth of a liter, which is typically the unit of measure used for the volume of consumable vapor products sold or distributed.

i. **“Business license”** shall mean an annual license issued by the City for the privilege of doing any kind of business, trade, profession, or any other activity in the City.

SECTION 2. EXCISE TAX RATES

Every person who sells consumable vapor products, whether as a retailer, wholesaler, or both, shall pay an excise tax to the City, which is hereby fixed and established as follows: Ten cents (\$0.10) per milliliter (mL) of consumable vapor products sold or delivered by them within the corporate limits of the City.

SECTION 3. EXEMPTIONS FROM SUBSEQUENT EXCISE TAX

The excise tax established in Section 2 of this Ordinance shall only be charged one time on each unit of a consumable vapor product. Thus, if a Wholesaler or Retailer purchases consumable vapor products from a Wholesaler who has already paid the City the excise tax as outlined in Section 2 above, no additional excise tax on the re-sale of such consumable vapor products shall be owed. However, to qualify for this exemption, such person must submit a sworn written statement to the Revenue Director or their designee by the **20th of each month**, detailing:

- All purchases of consumable vapor products made by such person in the preceding calendar month (Wholesaler’s name, address, date of purchase, description of products, quantity of products); and
- Proof of the payment of the excise tax for the consumable vapor products by the Wholesaler to the City.

SECTION 4. MONTHLY STATEMENT OF SALES REQUIRED

Each Wholesaler or Retailer of consumable vapor products shall submit a sworn written statement to City or its designee by the **20th day of each month**, providing the quantity in milliliters (mL) of all consumable vapor products sold or delivered by them within the corporate limits of the City.

SECTION 5. REQUIRED BUSINESS LICENSES

Each person desiring to engage in the wholesale or retail sale of consumable vapor products in the City must first obtain a business license from the City under the applicable category:

- Retailers of consumable vapor products must be licensed under Schedule B of Chapter 13, Section 13-273, Article XII of the Code of Ordinances of the City of Daphne, Alabama.
- Wholesalers of consumable vapor products must be licensed under Schedule E of Chapter 13, Section 13-273, Article XII of the Code of Ordinances of the City of Daphne, Alabama.

The license must be renewed annually and remains subject to all provisions of the City’s general business licensing ordinance.

SECTION 6. LICENSE CLASSIFICATIONS

Section 13-272 of Chapter 13, Article XII of the Code of Ordinances of the City of Daphne, Alabama is hereby amended by adding the following rows to the table of license classifications:

Code	NAICS Title and Suggested License Grouping	Schedule
459991	E-Cigarette stores; Electronic cigarette stores; Vape shops	B
424940	Tobacco Products and Electronic Cigarette Merchant Wholesaler	E

SECTION 7. OUT-OF-CITY WHOLESALERS OR RETAILERS

Wholesalers or Retailers without a physical business location in the City who sell or deliver consumable vapor products within the corporate limits of the City must first obtain the required Daphne business license and must fully comply with the filing and tax remittance requirements of the Code of Ordinances of the City of Daphne, Alabama.

SECTION 8. FAILURE TO FILE OR SUBMITTING FALSE STATEMENTS

Any person who fails to file the required monthly statement, submits false information, or fails to first obtain a business license before selling or distributing consumable vapor products shall be subject to a fine of \$500 per offense. Each day the person is in violation shall constitute a separate offense. In addition, such person shall be subject to their business license being revoked (if they have one) or not issued until all fines, penalties, and interest have been paid.

SECTION 9. PAYMENT DEADLINES AND PENALTIES

The excise tax imposed by this ordinance is due on the 1st day of each month and must be paid no later than the 20th day of the same month. Failure to file and/or pay on time shall be considered a continuing offense, and each day shall constitute a separate offense. A penalty of twenty percent (20%) shall be added to any delinquent tax payment and interest shall be charged to any delinquent tax payment computed at the same rate as provided by Section 40-1-44, Code of Alabama 1975.

SECTION 10. DUTY TO PERMIT INSPECTION AND PRODUCE RECORDS

Upon demand, it shall be the duty of all persons selling or distributing consumable vapor products in the corporate limits of the City to:

- a) Permit the designee of the City to enter and to inspect all portions of their place or places of business for the purposes of enabling said municipal designee to gain such information as may be necessary or convenient for determining the proper license classification, determining the correct amount of the excise tax, and/or determining their compliance with City ordinances, codes, and regulations;

b) Furnish information, during reasonable business hours, at the person's place or places of business, all books of account, invoices, papers, reports and memoranda containing entries showing amount of purchases, sales receipts, inventory and other information from which the correct license tax classification of such person may be ascertained and the correct amount of excise tax to which they are subject may be determined, including exhibition of bank deposit books, bank statements, copies of sales tax returns to the State of Alabama, copies of Alabama income tax returns and federal income tax returns. Refusal to provide these documents is a violation of this ordinance.

SECTION 11. PENALTIES FOR VIOLATIONS

Any person who violates any provision of this ordinance shall be subject to a fine of up to \$500.00 per offense, with each day constituting a separate offense.

SECTION 12. NO IMPACT ON GENERAL BUSINESS LICENSE ORDINANCE

This ordinance does not repeal any part of the City's existing Business License Ordinance. Taxes established herein are additional and cumulative to any other applicable license requirements.

SECTION 13. NO RETROACTIVE EFFECT

This ordinance does not affect violations committed under prior ordinances or the validity of any bond or deposit made under prior rules. All such obligations remain in effect for their prescribed terms.

SECTION 14. CONFLICT WITH OTHER ORDINANCES

Any Ordinance heretofore adopted by the City Council of Daphne, Alabama, which is in conflict with this Ordinance, is hereby repealed to the extent of such conflict.

SECTION 15. SEVERABILITY

The sections, paragraphs, sentences, clauses and phrases of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by a court of competent jurisdiction, then such ruling shall not affect any other paragraphs and sections, since the same would have been enacted by the municipality council without the incorporation of any such unconstitutional phrase, clause, sentence, paragraph or section.

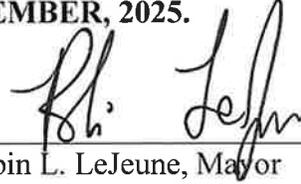
SECTION 16. NOTICE TO ALABAMA DEPARTMENT OF REVENUE

No later than September 30, 2025, the City Clerk shall cause a certified copy of this ordinance to be delivered to the Alabama Department of Revenue as required by law.

SECTION 17. EFFECTIVE DATE

This ordinance shall become effective on October 1, 2025, upon its adoption and publication as required by law. Pursuant to Ala. Code § 11-51-210(e), the tax imposed by this ordinance shall go into effect on December 1, 2025.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, THIS 29TH DAY OF SEPTEMBER, 2025.



Robin L. LeJeune, Mayor

ATTEST:



Candace G. Antinarella, MMC, City Clerk

