

April 18, 1983

LB 192

CLERK: Mr. President, LB 192 does have E & R amendments pending.

PRESIDENT: Senator Rod Johnson.

SENATOR R. JOHNSON: Mr. President, I move we adopt the E & R amendments.

PRESIDENT: You have heard the motion. All those in favor say aye, opposed no. Motion carried. The E & R amendments are adopted.

CLERK: Mr. President, the next amendment I have to the bill is offered by Senator Cullan.

PRESIDENT: Very well, Senator Cullan offers an amendment to LB 617 (sic). (Gavel) Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, either myself or perhaps representatives of Chadron State College or students have visited with most of you in the past week about these amendments. What these amendments do are take provisions from LB 404 which created a tax on tobacco products and places that in LB 192 and then earmarks the proceeds from the tobacco products tax to the construction of an activities center at Chadron State College. First I would like to discuss the tobacco products tax and then I would like to discuss the Chadron State College Activities Center. The tax proposal really is not mine. The proposal came in mind following the action of this Legislature last year when the Legislature adopted an amendment by Senator Chambers to put a tax on chewing tobaccos, cigars, and pipe tobacco, et cetera, in addition to the tax that we imposed on cigarettes in the last session of the Legislature. Later the Legislature reversed that action because the amendment did not contain an adequate collection mechanism and was not technically drafted to accomplish some of the problems that we encounter in the collection of taxes. After that expression of philosophy from the Legislature, I reviewed the tobacco products taxes that are collected in other states and that is where LB 192, this amendment to LB 192 comes from. It is a paraphrase, in fact, of the tax law from the State of Kansas, the same collection mechanism as is used in that state. It does tax cigars, pipe tobacco, and chewing tobacco, and all products, tobacco products, except cigarettes. The tax is assessed at the wholesale level and is set at 20% of the gross wholesale value. I think that it is equitable to tax all tobacco products, not simply to single out cigarettes for taxation as we have done in the State of Nebraska in the past. According to estimates from the Fiscal Office, this will raise