

ONE HUNDRED FOURTH LEGISLATURE

FIRST SESSION

LEGISLATIVE RESOLUTION 316

Introduced by Lindstrom, 18; Gloor, 35.

PURPOSE: In 1998, Nebraska joined the Master Settlement Agreement (MSA) and enacted related statutes contained in Chapter 69, article 27, of the Nebraska statutes. Under the MSA, participating tobacco product manufacturers agreed to restrictions on certain marketing practices and agreed to make payments into a fund which is distributed to the states to enforce the MSA and investigate and litigate potential violations of state tobacco laws.

Currently the MSA payment is \$6.36 per carton. The most recent figures show the MSA allocation received by Nebraska in FY2013-14 was \$37.5 million. Currently the Nebraska tobacco excise tax is \$6.40 per carton. That excise tax generated \$55.5 million in FY2013-14. Since the excise tax and MSA payment are roughly equivalent, it would seem that the excise tax generated and the MSA allocation received should be roughly equivalent. However, Nebraska's MSA allocation is approximately only two-thirds of the amount generated by the excise tax. It appears that Nebraska residents are paying significantly more into the MSA than Nebraska is receiving back. Since most of the other restrictions agreed to by tobacco product manufacturers in the MSA have been incorporated into federal or state law, this study shall examine Nebraska withdrawing from the MSA and increasing its excise tax to approximate the MSA payment. In this way, an additional \$15-\$20 million per year could be generated for Nebraska without increasing the amount paid by Nebraska residents.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FOURTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Revenue Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report

of its findings, together with its recommendations, to the Legislative Council or Legislature.