

SENATOR BEUTLER: Okay, so inflation has nothing to do with it then, nothing to do with whether this is a good deal or a bad deal. Is that correct?

SENATOR V. JOHNSON: No, actually I misspoke on that. I take that all back, Senator Beutler, because, in fact, the only thing that would increase the amount of monies coming in would not be the increase in price but either increases in consumption or declines in consumption.

SENATOR BEUTLER: Okay.

SENATOR V. JOHNSON: The rate is a constant.

SENATOR BEUTLER: Okay. So then in order to keep up with inflation we have to assume that inflation is going to be 2 percent or less a year. Is that correct?

SENATOR V. JOHNSON: In terms of inflation one would have to assume that it was going to be 2 percent or less a year. I think that is probably right.

SENATOR BEUTLER: Do you think that is a reasonable assumption, Senator Johnson?

SENATOR V. JOHNSON: I don't have any problem with that assumption, particularly since we also impose a sales tax on the product.

SENATOR BEUTLER: I noted also with regard to other products other than distilled spirit, for example, with wine the increase is from...over the five-year period is from 65 cents to 75 cents which also assumes the rate of inflation which is somewhere around 2 percent or less.

SENATOR V. JOHNSON: Right.

SENATOR BEUTLER: Also with regard to wine it is over 14 percent. Again, the increase is from \$1.25 to \$1.35 which is less than 10 percent, so I assume that assumes inflation of somewhat around 1.7 or 8 percent a year for five years. Senator Johnson, I guess I have some questions as to whether that is a very good deal. Are you satisfied in your own mind that that is a good deal?