

just a couple of minutes about the content of the cigarette tax bill. As you know, Congress decided, some time ago, to lower the federal cigarette tax eight cents and that reduction takes place October 1, 1985. State after state have simply decided that they will take advantage of the lowering of the federal cigarette tax by increasing their own cigarette tax on October 1, 1985, by eight cents. What the Revenue Committee did, and that is known as a "pick up tax", we are simply picking up the difference, what the Revenue Committee did is say we will support the pick up tax, thus, when the tax goes down our tax goes up by an equal amount. That is all it says. The money we will receive, approximately \$11 million, will go to the cash reserve fund. The tax itself sunsets in 1986, July 1986, we gave it a very short life to make certain we knew what Congress was going to do. Simple as that. Now, several questions have been raised. Number one, will this bill result in an increase of tax? No, it will not result in an increase of tax. The truth of the matter is, whatever that tax falls federally, our tax rises by an equal amount. Right now there is a total of 34 cents tax on a package of cigarettes, so the tax will remain constant at 34 cents. Second question that has arisen is, is the bill constitutional because it refers to federal tax policy? Senator Chizek asked the Attorney General for an opinion on that question, there was an opinion, which I could distribute to you where he says it is totally constitutional. Third question, is this happening in other states? It is happening in every other state. Interestingly enough I had a conversation with former Senator Dave Newell in the rotunda a couple of days ago who told me what other states have done. He said Iowa and Kansas have simply said their tax is going up eight cents October 1, 1985, and we don't give a good gosh darn whether the federal government reimposes or does not reimpose the tax. It makes us no difference. That is Congress' look out, not our look out. Their tax is going up. Good old lenient Nebraska says, "Well, we won't increase our tax, unless Congress really does mean what it says and takes the eight cents off." Well, that is the way our bill works. Our tax does not increase unless the eight cents comes off federally or six cents, or four cents, or two cents. Other states are taking a more hardened attitude toward this than are we. In any event we will re-examine the whole issue next legislative session because this particular pick up tax has got a very short life. In the end, if Congress does not