

states that don't put stamps on the packages. They collect the tax but they don't put stamps on the packages, so they are kind of experiments in the nonstamp area. I don't yet know all the facts as to whether or not bootlegging is more rampant in those areas than it would be otherwise in the absence of the stamps. But virtually all the states, except those two, require the wholesalers to put the stamps on the cigarettes. Virtually every state allows those wholesalers a commission for affixing the stamps to the cigarettes. It turns out, and I did pass this literature out when we first opened on this bill, and maybe my aide will come up with it again and we'll pass it out again, but it turns out that Nebraska, as has been the case in so many of the collection allowances such as the sales tax collection allowance, and the motor fuel collection allowance, and a lot of other allowances, Nebraska's allowance to wholesalers for the stamping of the packages has been more generous than virtually all the other states. For example, at this point with our discount allowance of 5 percent, 5 percent of the taxes collected, and with an 18 cent cigarette tax rate, we, in effect, are allowing the Nebraska wholesalers \$5.40 for every case of cigarettes that they stamp. That compares to \$4.78 for Arizona, 51 cents for Arkansas, \$3.60 for California, \$1.56 for Colorado, \$1.80 for Delaware, \$1.56 for Washington, D.C., Iowa...let's see if I can find it, that compares to \$2.54 for Iowa, and right on down the line. Nebraska's is probably the third highest discount in the nation. The American Commission on Intergovernmental Relations did a study on discounts and the study said that the amount of the discount has very little to do with the cost of affixing the stamps to the package. It has more to do with the political influence and power of the cigarette lobby. In any event, this bill would reduce the wholesaler's discount from five percent of the taxes to three percent of the taxes. Mind you, if the taxes go up, if the taxes go up, which they would under this bill, and if the percentage figure is not reduced, then the wholesalers will, in effect, receive 365,000 additional dollars for doing no additional work. They do no additional work, they just put the same stamps on the packages, now they are 23 cents a stamp as opposed to 18 cents a stamp, and they get 365,000 additional dollars. So what this bill does is it scales that wholesaler discount from five percent down to three percent. Now that figure, incidentally, will result in an erosion to the wholesalers of the amounts of money that they have been able to collect for affixing the stamp.