

there are sound business reasons why the state, even though it could afford to do it for less than 5 cents a pack, would simply choose not to engage in that part of business activities.

SENATOR PAPPAS: Wouldn't if they chose to do it in a time of fiscal restraint and where we were a little short of money, where the state could make money, wouldn't it be inducive for them to look at that or possibly do that, and also I am sure you have heard from your hearings on the different types of illegal cigarettes coming into the State of Nebraska, that that would help prevent a lot of black market cigarettes from coming into the state?

SENATOR V. JOHNSON: I think, generally speaking, Senator Pappas, the state, basically, has chosen not to engage in those functions that deal with the administration of the tax but to allow the business people that handle the commodity to administer the tax and the state will simply collect the revenues from them, and a good example of that is pickle cards. I mean I think the state, if it wanted to, could simply become the distributor for pickle cards but it has chosen not to.

SPEAKER NICHOL: One minute.

SENATOR PAPPAS: Okay, thank you. I think the state does have an interest. There has been several bills introduced where the state would take over the pickle cards to try to stop these things. I think that paragraph on page 7, in line 7 down through line 16, people should read and it kind of points out the fact that, and it has been brought up before, that there are certain things that possibly the state says we should cut back on but in reality themselves cannot make money doing it. So because of that we are going to penalize the wholesalers and the distributors which are becoming fewer and fewer in number on the guise that we have got a state maybe north and south of us that has got a higher tax but we are ignoring the states to the west of us where a large number of cigarette and tobacco products are coming in at a lower rate which we derive no revenue from at all.

SPEAKER NICHOL: Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman, members of the Legislature,