

CLERK: (Roll call vote taken. See page 107 of the Legislative Journal.) 30 ayes, 9 nays, Mr. President, on adoption of the amendment.

SPEAKER NICHOL: The Hefner amendment is adopted. Do you have anything else on the bill?

CLERK: Mr. President, Senator Vard Johnson would move to amend the bill.

SPEAKER NICHOL: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the Legislature, I think I want you to understand my mind on this bill.

SPEAKER NICHOL: Excuse me, Senator Johnson, the call is raised.

SENATOR V. JOHNSON: What this last vote did was to provide a windfall of \$365,000 to the wholesalers of our state and I, personally, have decided that I will not support an increase in the cigarette tax knowing that a \$365,000 windfall will go to the wholesalers of our state for doing not one additional piece of work. It would be wrong for the smokers of our state to end up paying more money for their cigarettes when a goodly chunk of that more money goes to the wholesalers for no additional work. So the amendment that I am offering is an amendment to allow this body in effect to reconsider the last vote. This would simply give the discount...the wholesalers a 4 percent discount which allows them to continue to collect the same amount of money after LB 3 passes as they collect today for doing the same amount of work. it is a hold harmless amendment. A 4 percent is a hold harmless amendment. Now this is the study from the American Commission on Intergovernmental Relations called Cigarette Tax Evasion, A Second Look. I will read to you some of its words. "Distributor Discounts. The use of stamps and impression creates two major administrative problems. Discounts allowed to wholesale distributors make the cigarette tax one of the most expensive taxes to administer. In some states the compensation paid distributors exceeds the cost of affixing tax indicia, thereby providing cigarette wholesalers a source of income not enjoyed by other businesses that collect taxes for the state. These problems have been