

relationship tended to run all the way through the mid-1970s, when in the 1970s the level of taxes on a package of cigarettes declined dramatically in relationship to the overall price. Now my recollection is we have only had two tax changes on cigarettes in the last ten years, the most recent one being in 1981 when we increased the tax on cigarettes by one cent a package and that was to fund certain kinds of research and in addition the Governor took some of that money and put it in the general funds's operation and the preceding one was in the early 1970s when we increased the price, I believe, by five cents a pack. I think that was the level of tax increase and the purpose of that was to finance the Bob Devaney Sports Complex and since that time we have used the money for other capital construction projects. So what has happened is that our basic activities in taxing cigarettes occurred in the '50s and '60s and in the very early '70s but since that time we have really not done very much. Now I would think that other states would be looking at somewhat similar figures. Other states are going to be looking for revenues also by virtue of federal tax changes, by virtue of a slowing economy and the like and it strikes me that the problem we foresee today of bootlegging will tend to diminish as other states likewise make similar adjustments to their own cigarette prices. Though this is a very healthy tax and it is a very heavy tax, a very hefty tax on a commodity...I mean when you think about taxing a commodity at 50% of its cost which is what it used to be and now it is about 35% of its cost, that is a very hefty tax...

SENATOR CLARK: You have one minute left.

SENATOR V. JOHNSON: ...nonetheless, it is a responsible tax. It is clearly a tax on a commodity that is of very little value to people including myself. It is a tax that I don't think is unjustified and even though I know that there will be a lot of smokers that will be unhappy with this particular bill, I think that it is in order and I think we ought to advance the measure.

SENATOR CLARK: Senator Labeledz.

SENATOR LABEDZ: Thank you, Mr. President and members of the Legislature, the increase of course I will be against. I checked with the Department of Revenue. It is going to be... right now it is nine cents to the general fund. A four cent increase would put thirteen cents per pack in the general fund, one cent I think we appropriated some time ago to the Games and Parks, and four cents is earmarked for capital construction, research and a few other programs. I also checked out at Offutt Air Force Base. I don't know what the total population is at the base but I'm sure at one time I heard there was between thirteen and fifteen thousand. They do not pay any sales tax