

me when we are going to have an increase in our cigarette tax and still send about 300 and some thousand dollars back to the wholesalers as increase compensation for the job they do in affixing the tax stamps, then I think we really have to ask some questions. So what the point is that if we are going to increase the tax from 14 to 18¢ lets not at the same time provide this extra boom to the wholesalers of about 300 and some thousand dollars. Lets cut the discount from 5 to 4% which would still provide about \$37,000 more dollars going to the wholesalers but then about at the same time mean about 300 and some more thousand dollars coming into the state treasury where we could put it to good use. I really think that the questions that have been raised by the wholesalers, I know that they are concerned and I've met with some of them and have seen their operation, probably legitimate, I know that they pay for the stamps up front and they do have some costs involved, but I also feel that they are probably over estimating the cost they incur in trying to assess the stamps that we are talking about and I have done some research as far as other states and there were only seven states that we could find that paid in 1979 a higher discount than we did to the wholesalers. Now that may be apples and oranges because some of these other states don't have the wholesalers pay up front on the taxes, but nevertheless there are very few states that are as generous to the wholesaler as the State of Nebraska is in terms of the cigarette tax. So, it is not as though we are not being fair in the terms of the amount of money we provide to them to cover their costs in carrying out our taxation on cigarettes, but I think we are being extremely generous, extremely generous if we would increase by 4¢ the cigarette tax and not adjust the discount rate at this time. Keep in mind the fact that we did increase the cigarette tax from 13 to 14¢ just last year. so when you count that factor in you are talking about a great deal of increase in money that goes to the wholesaler. The research I think is clear, I think is fair in terms of our compensation to cover their cost to keep a discount at about the same rate they got in the past and not provide them with 300 some thousand more dollars. I think it is one of the things we haven't done much when we talk about the different tax questions, revenue budget questions, that we haven't talked about tax loopholes, tax expenditures as much as we ought to. It seems to me that there are a lot of different areas in which we are spending money or losing revenue that needs some attention. Tax loopholes that are causing problems that we are not receiving the revenues we ought to be receiving and not getting much for those incentives that we provide. So it seems like one of the