

things that we haven't spend a lot of time on is this area and I thought we ought to take a look at this as one example of it. Here is an expenditure of money, it is a hidden expenditure because we really don't see it. It is money that we don't get. It is not money that we spend actually, but it is a significant amount of money. Keep in mind that we are spending, right now, about one million, three hundred some thousand dollars on this revenue that we leave with the wholesaler for the job they do in affixing the tax stamps on cigarettes. That would go up to a \$1,600,000. That is a lot of money we are talking about here. It seems as though we ought to discuss a little bit about the fairness and providing such an increase in just this past year to the wholesalers. I think if you go through the projections that they have, I see Senator Peterson has passed them around, I can't speak specifically about the proposal that they have as to their cost, but I also have send around or will be sending around a letter from an individual who worked for one of the wholesalers, has since retired, and who claims we probably could get by at a cost of about 32¢ per case to do the job that is now being, or will be proposed to pay about \$5.00 a case. That is quite a difference. Perhaps, I'm pretty sure that the 32¢ is going to be low, but if one person claims 32¢ will cover the cost and another is claiming that \$5.40 is going to cover the cost, then I think we are being a little remiss if we don't challenge the question about how much money we are paying to the wholesaler for the job that they do. Are they justified in terms of the money that they are now claiming from the treasury of the state for the job that they do. Senator Nichol would like to have a chance to talk on this. I could go ahead and close. I think in terms of fairness that it is only right that we take a look at this. There aren't people lobbying for this amendment. There aren't a lot of tax payers out there that realize even that there is a problem in this area, but I for one want to call it to your attention and speaking on behalf of those tax payers, who are concerned about the fact that we should receive the revenue that we are trying to raise and if there is an expenditure of taxes or a loss of revenue we have to try and determine whether that is fair and in my estimation this is really not a fair thing to do at this time, to increase our cigarette taxes substantially and not adjust the discount rate to wholesalers.

SENATOR CLARK: Senator Marsh.

SENATOR MARSH: Senator Wesely, as I am looking at your figures, it seems to me that if your figures are accurate at the 13% rate, and that is where we are today, is that