

only this year but for the balance of that contract that LB 683 becomes and the other 19 years that it plays out. I think that a wait and see attitude is not appropriate in this case. There may be other times when I will say it is but in this case the cigarette tax, the increase that Senator Wehrbein puts into LB 683 through this amendment is very appropriate and I would urge the body to adopt this amendment to the bill. Thank you.

SPEAKER BARRETT: Senator Warner.

SENATOR WARNER: Mr. President and members of the Legislature, I would rise in support of Senator Wehrbein's motion. Obviously, I suspect it would be understood that I conceptually am opposed to the bill for the basic reason of giving away another portion of a state base tax over which once done, particularly under an authority for bonding, is forever gone and in this case it's not three cents that you're giving away...or two and a half cents, rather, of collections but in terms of \$4.5 million. My concern lies...and I think it ought to be understood...be given thought if this is to be enacted, and that is that rather than pledge a dollar amount at some point that the legislation is considered to pledge only the receipts from a certain cents per...so many cents per package. And the reason I say that, I acquired a few days ago from one of the firms that were involved with some of the issuance of bonds that we have done already, using the cigarette tax pledge, what I was concerned about or interested in was knowing what kind of reduction in receipts were they anticipating. And using their track...their economic model, their tracking model, this is not the state's model, they were projecting through the 12 years which is what they happen to have that is consistent with some of the bonds, it would show a one-third reduction in the collection of sales tax if the cigarette tax stayed constant at 27 percent...27 cents. In '91 and '92 the projected income total is 35.3 million and by 2001 that is reduced to 23.6 million or almost \$12 million of reduction in that period of time or a third of the current revenue would be lost. And, obviously, if you're talking about a stable form of income in particular for pledging of bonds, this one isn't it, or the other side is it will constantly take a larger percent or a larger number of cents of the cigarette tax to provide that \$4.5 million that is proposed. Senator Landis mentioned about sustainable growth and sustainable revenue. Cigarette tax is not a sustainable tax, it is a declining tax that can only be offset with increasing rates and that might be a good thing to do just to cut down on consumption