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LR 29

levying cigarette taxes for some time, decades, I think. Now, as I understand the settlement agreement, if the federal government increases its cigarette tax by whatever amount they increase their cigarette tax, the settlement monies to the states will decrease. Is that...is that not accurate?

SENATOR JENSEN: I don't...I don't believe that's correct. They...they may increase their taxes to whatever degree they want. We can also increase our taxes to whatever degree we want. There is no question that, under the settlement agreement, the manufacturers will increase the cost of the cigarettes to make these payments. I think the figure that I heard, and I wouldn't want to be...is somewhere around 35 cents.

SENATOR BEUTLER: Okay. But...but you don't think it's accurate that, if the federal government increases their federal tax, that that's a decreased...out of the amount that's required to be given in settlement to the states?

SENATOR JENSEN: Certainly, as taxes increase, I think you will see fewer people purchasing cigarettes, particularly young people. Statistics tell us that, that as the costs go up, the purchases will go down. Now, if...in the master settlement agreement, if there is a drastic reduction of cigarette sales, the amount that we would receive also will go down.

SENATOR BEUTLER: The amount we would receive would also go down. Okay. Thank you for the information.

SENATOR CROSBY: Thank you, Senator Beutler. Mr. Clerk.

CLERK: Madam President, Senator Chambers would move to indefinitely postpone LR 29. Senator Jensen, you would have the option to lay the resolution over, Senator.

SENATOR JENSEN: Yeah...no, I will take it up.

SENATOR CROSBY: Thank you. Senator Chambers, you're recognized to open on your kill motion.

SENATOR CHAMBERS: Thank you, Madam President, members of the Legislature. I want to ask Senator Jensen some more questions.