

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

April 13, 1999 LB 505

personal choice and seat belts were mentioned. We have rejected the notion that we should impose seat belts. I would...perhaps Senator Bromm forgot to mention that we do do that in the case of helmets for motorcycles. So we've apparently gone both ways, depending upon the situation in that particular issue. Let's say that you really are not willing to argue in favor of this bill on any of those scores; that all of them are a big concern. What if, instead, you simply go about the problem as one of let's make sure that when a person buys a pack of cigarettes they pay the full cost of that product? Senator Wickersham had made the point in talking about border bleed that consumers are going to make rational decisions; if they could...if they could buy them cheaper they would go across the border and do so, and I think the rational consumer idea is a very solid one. But probably, to follow along that line, then rational consumers should understand when they buy a pack of cigarettes that they need to pay the full cost associated with that pack of cigarettes. Part of that is for the tobacco, part of it's for the cigarette wrappers, part of it's for the package, part of it's the margin of the retailer and so on. But in the case of cigarettes, a part of the cost is future medical expenses, and I have some numbers. For 1997, the direct healthcare cost in Nebraska, due to tobacco-related illnesses, amounted to about \$180 million, amounted to about \$1.30 per pack. Now roughly a fourth of that was incurred through Medicaid, which is, in fact, a direct state expense. So if you take one-fourth, roughly, of the \$1.30 per pack, you're coming very close to what we're talking about in terms of an increase in the cost. Now that does not take into account the other costs: lost work time, morbidity, reduced general public health. If you add those costs in there, it comes up to \$3 a pack, which is again why I reluctantly support this amendment. I don't think we're really offering, with a 30-cent increase, correct information to a rational consumer; namely, what really is the cost to you of this product or what is the cost in terms of both your consumption and those of the state? In...this sort of an argument...

SENATOR CROSBY: One minute.

SENATOR RAIKES: ...in the economics jargon is sometimes referred to as externalities and is often related to such issues