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FLOOR DEBATE

April 22, 2003 LB 759

make those changes permanent. It takes off the deadline and it says, as of October 1, 2004, the money does not go into the Cash Reserve; it goes to the General Fund. Until October 1, 2004, 28 cents of the increase is deposited in the Cash Reserve Fund, and 2 cents is in the Building Renewal Fund. That's currently the case. Beginning October 1, 2004, 28 cents would be deposited in the General Fund, and by the way that would make a total of 49 cents of cigarette tax of it goes to the General Fund, and 2 cents would be deposited in the Building Renewal Fund, and that by the way is for a total of 7 cents. So, to the extent that we did the Building Renewal Fund, we left that in place. That's the 2 cents. We shifted the 28 cents from the Cash Reserve Fund into the General Fund, and we made the change permanent. With respect to tobacco products, chew, my pipe tobacco, the infrequent cigar that, let's say, Walter Radcliffe might smoke, for example, we would retain indefinitely the increase in the tobacco products tax from 15 percent to 20 percent of the wholesale price that was enacted by LB 1085 last year. All proceeds from the tobacco products tax are deposited in a Cash Fund that is normally lapsed to the General Fund periodically. By the way, there was agreement with the tobacco industry to make that change last year. We do not disturb the elements of that basic underlying agreement that was made and that stays in place. It becomes permanent and the disposition of those funds aren't changed. The amount of 30 cents increase has a history in this body because in the time before LB 1085, in the two years before, Senator Jensen, Senator Redfield and myself fought the fight with respect to youth consumption of tobacco. And when I had the bill, it failed; and when Jim Jensen had the bill, it succeeded. I can only congratulate him for his superior floor generalship, but essentially what was done at that time was to make a significant increase in the cost of tobaccos in hopes that it would have an effect on youth consumption and, in fact, to the extent that we've been able to study it, we think there is such a carryover. So there are social values in addition to revenue increases that are obtained by the cigarette tax increase and making it permanent. If, in fact, this is a disincentive for kids to start smoking, I think we want to keep that on a permanent basis. Now what the Revenue Committee did find was that there was, in fact, a change at the border in consumption patterns. Nebraska lost some sales to