

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION -  
2008**

**COMMITTEE STATEMENT**

**LB722**

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**Hearing Date:** January 23, 2008

**Committee On:** Revenue

**Introducer(s):** (Engel)

**Title:** Change the tax on tobacco products

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**Roll Call Vote - Final Committee Action:**

Placed on General File

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**Vote Results:**

5 Yes	Senators Burling, Dierks, Janssen, Langemeier, Raikes
0 No	
3 Absent	Senators Cornett, Preister, White
0 Present, not voting	

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**Proponents:**

L. Patrick Engel  
Walt Radcliffe  
Robert Shepherd

**Representing:**

Introducer  
UST Public Affairs Inc.  
US Smokeless Tobacco Co.

**Opponents:**

Robert Maples  
Jim Moylan  
Ted Stessman

**Representing:**

Swisher International Inc.  
Reynolds American  
Farner Bocken Company

**Neutral:**

None

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**Representing:**

**Summary of purpose and/or change:**

LB 722 would amend the Tobacco Products Tax Act, sections 77-4001, 4002, 4004, 4007, 4008, 4009, 4014, 4017, 4018, and 4024. The primary purpose of this bill is to change the tax on snuff from one based on the wholesale price of the product to a tax based on weight.

Sections 1 through 3 incorporate the new term “smoking tobacco.”

Section 4 defines smoking tobacco to include several items, but not to include cigarettes. (Cigarettes are defined in 77-2601.) Smoking tobacco includes cigars and other items designed to be smoked.

Section 5 defines tobacco products, which includes snuff and chewing tobacco.

Section 6 amends the calculation of the tax so that snuff and other tobacco products would be taxed at a rate of 65 cents per ounce or fraction thereof. The tax on smoking tobacco products would continue to be the current 20 percent of first owners purchase price or wholesale price.

Section 7 adds the term smoking tobacco to a statute requiring persons shipping tobacco products into Nebraska to have a license from the Tax Commissioner to engage in such activities.

Section 8 requires retailers to also list the weight of snuff sold on their returns.

Section 9 makes weight reporting mandatory for recordkeeping purposes.

Section 10 adds smoking tobacco to a credit and refund statute.

Section 11 adds smoking tobacco to a fines and penalty statute.

Section 12 establishes an operative date of October 1, 2008.

Section 13 repeals the original sections.

**Explanation of amendments, if any:**

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Senator Ray Janssen, Chairperson