

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIRST LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 89**  
FINAL READING

Introduced by Cornett, 45.

Read first time January 8, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to the Tobacco Products Tax Act; to amend  
2 sections 77-4001, 77-4002, 77-4008, 77-4014, 77-4017,  
3 and 77-4025, Reissue Revised Statutes of Nebraska; to  
4 change the tax on snuff; to define a term; to eliminate  
5 obsolete provisions; to harmonize provisions; to provide  
6 an operative date; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-4001, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           77-4001 Sections 77-4001 to 77-4025 and section 3 of this  
4 act shall be known and may be cited as the Tobacco Products Tax  
5 Act.

6           Sec. 2. Section 77-4002, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8           77-4002 For purposes of the Tobacco Products Tax Act,  
9 unless the context otherwise requires, the definitions found in  
10 sections 77-4003 to 77-4007 and section 3 of this act shall be  
11 used.

12           Sec. 3. Snuff means any finely cut, ground, or powdered  
13 tobacco that is not intended to be smoked.

14           Sec. 4. Section 77-4008, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16           77-4008 ~~(1)~~ (1)(a) A tax is hereby imposed upon the first  
17 owner of tobacco products to be sold in this state. ~~The tax~~

18           (b) The tax on snuff shall be forty-four cents per ounce  
19 and a proportionate tax at the like rate on all fractional parts  
20 of an ounce. Such tax shall be computed based on the net weight as  
21 listed by the manufacturer.

22           (c) The tax on tobacco products other than snuff shall  
23 be twenty percent of ~~(a)~~ (i) the purchase price of such tobacco  
24 products paid by the first owner or ~~(b)~~ (ii) the price at which  
25 a first owner who made, manufactured, or fabricated the tobacco

1 product sells the items to others. ~~Such tax~~

2 (d) The tax on tobacco products shall be in addition to  
3 all other taxes.

4 (2) Whenever any person who is licensed under section  
5 77-4009 purchases tobacco products from another person licensed  
6 under section 77-4009, the seller shall be liable for the payment  
7 of the tax.

8 (3) ~~On and after October 1, 2002, and continuing until~~  
9 ~~October 1, 2004, the Tax Commissioner shall remit the amount~~  
10 ~~collected pursuant to this section to the State Treasurer, and the~~  
11 ~~State Treasurer shall credit three-fourths of such amount to the~~  
12 ~~General Fund and one-fourth of such amount to the Cash Reserve~~  
13 ~~Fund. On and after October 1, 2004, amounts collected~~ Amounts  
14 collected pursuant to this section shall be used and distributed  
15 pursuant to section 77-4025.

16 Sec. 5. Section 77-4014, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 77-4014 (1) On or before the tenth day of each calendar  
19 month, ~~commencing on or after January 1, 1988,~~ every person  
20 licensed under subsection (1) of section 77-4009 shall file a  
21 return with the Tax Commissioner showing either the quantity and  
22 the price of each tobacco product brought or caused to be brought  
23 into this state for sale or the quantity and the price of each  
24 tobacco product made, manufactured, or fabricated in this state for  
25 sale in this state, whichever is applicable, during the preceding

1 calendar month. For snuff, such return shall also include the net  
2 weight as listed by the manufacturer.

3 (2) Every person licensed pursuant to subsection (2) of  
4 section 77-4009 shall, in the manner described in subsection (1)  
5 of this section, file a return showing in detail the different  
6 kinds, quantity, and wholesale sales price of each tobacco product  
7 shipped or transported to retailers in this state to be sold by  
8 such retailers during the preceding calendar month. For snuff,  
9 such return shall also include the net weight as listed by the  
10 manufacturer.

11 (3) Returns shall be made upon forms furnished and  
12 prescribed by the Tax Commissioner. Each return shall be  
13 accompanied by a remittance for the full tax liability shown, less  
14 an amount of such liability equal to any amount allowed a payer of  
15 the sales and use tax pursuant to subdivision (1)(d) of section  
16 77-2708 as compensation to reimburse the licensee for his or her  
17 expenses incurred in complying with the Tobacco Products Tax Act.

18 Sec. 6. Section 77-4017, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 77-4017 (1) Every licensee shall keep complete and  
21 accurate records for all places of business, including itemized  
22 invoices of tobacco products (a) held, purchased, manufactured, or  
23 brought in or caused to be brought into this state or (b) for a  
24 licensee located outside of this state, shipped or transported to  
25 retailers in this state. For snuff, such records shall also include

1 the net weight as listed by the manufacturer.

2 (2) All books, records, and other papers and documents  
3 required to be kept by this section shall be preserved for a period  
4 of at least three years after the due date of the tax imposed  
5 by the Tobacco Products Tax Act unless the Tax Commissioner, in  
6 writing, authorizes their destruction or disposal at an earlier  
7 date.

8 (3) At any time during usual business hours, duly  
9 authorized agents or employees of the Tax Commissioner may enter  
10 any place of business of a licensee and inspect the premises,  
11 the records required to be kept pursuant to this section, and  
12 the tobacco products contained in such place of business for  
13 purposes of determining whether or not such licensee is in full  
14 compliance with the act. Refusal to permit such inspection by a  
15 duly authorized agent or employee of the Tax Commissioner shall be  
16 grounds for revocation, cancellation, or suspension of the license.

17 Sec. 7. Section 77-4025, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 77-4025 There is hereby created a cash fund in the  
20 Department of Revenue to be known as the Tobacco Products  
21 Administration Cash Fund. ~~Except as otherwise provided in section~~  
22 ~~77-4008,~~ all All revenue collected or received by the Tax  
23 Commissioner from the license fees and taxes imposed by the Tobacco  
24 Products Tax Act shall be remitted to the State Treasurer for  
25 credit to the Tobacco Products Administration Cash Fund. All costs

1 required for administration of the Tobacco Products Tax Act shall  
2 be paid from such fund. Credits and refunds allowed under the act  
3 shall be paid from the Tobacco Products Administration Cash Fund.  
4 Any receipts, after credits and refunds, in excess of the amounts  
5 sufficient to cover the costs of administration may be transferred  
6 to the General Fund at the direction of the Legislature. ~~The State~~  
7 ~~Treasurer shall transfer two million five hundred thousand dollars~~  
8 ~~from the Tobacco Products Administration Cash Fund to the General~~  
9 ~~Fund within fifteen days after November 17, 2002.~~ Any money in the  
10 Tobacco Products Administration Cash Fund available for investment  
11 shall be invested by the state investment officer pursuant to  
12 the Nebraska Capital Expansion Act and the Nebraska State Funds  
13 Investment Act.

14           Sec. 8. This act becomes operative on October 1, 2009.

15           Sec. 9. Original sections 77-4001, 77-4002, 77-4008,  
16 77-4014, 77-4017, and 77-4025, Reissue Revised Statutes of  
17 Nebraska, are repealed.