

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(\$257,000)		(\$360,000)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(\$257,000)		(\$360,000)

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 429 amends the Nebraska Tobacco Products Tax Act to impose a tax on cigars, cheroots, and stogies. The rate of tax is 20% of:

- The purchase price paid by the first owner; or
- The price at which the first owner who made, manufactured, or fabricated the product sells the item to others, except the maximum tax imposed shall be fifty cents for each cigar, cheroot, or stogie.

The current tax on cigars, cheroots, and stogies is 20% of either the purchase price of such tobacco products paid by the first owner or the price at which a first owner who made, manufactured, or fabricated the tobacco product sells the item to others.

The bill has an operative date of October 1, 2019.

**Revenue:**

The Department of Revenue estimates the following revenue to the Tobacco Products Administration Cash Fund:

Fiscal Year	Tobacco Products Administration Cash Fund
FY19-20	(\$257,000)
FY20-21	(\$360,000)
FY21-22	(\$379,000)
FY22-23	(\$397,000)

**Expenditures:**

The department estimates minimal cost to implement the bill.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 429	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 3/25/2019	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with Department of Revenue's assessment of fiscal impact.			

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 3/22/19			
Approved by: Tony Fulton		Date Prepared: 3/13/19			
		Phone: 471-5896			
<b>FY 2019-2020</b>		<b>FY 2020-2021</b>		<b>FY 2021-2022</b>	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	Minimal \$0	Minimal \$0	Minimal \$0	Minimal \$0	Minimal \$0
Cash Funds	(\$257,000)	(\$360,000)	(\$360,000)	(\$379,000)	(\$379,000)
Federal Funds					
Other Funds					
<b>Total Funds</b>	<b>Minimal (\$257,000)</b>	<b>Minimal (\$360,000)</b>	<b>Minimal (\$360,000)</b>	<b>Minimal (\$379,000)</b>	<b>Minimal (\$379,000)</b>

LB 429 would amend Neb. Rev. Stat. § 77-4008 to limit the tax on certain other tobacco products to 50 cents apiece for cigars, cheroots, and stogies. The tax currently is 20% of:

- (i) The purchase price paid by the first owner or,
- (ii) The price at which the first owner who manufactured these products sells them to others.

LB 429 would retain this percentage but limit the tax to 50 cents each on only the three products mentioned above.

The bill’s operative date is October 1, 2019.

The 50 cent tax limit would only apply to cigars with a price equal to, or greater than, \$2.50 per cigar and would not apply to little filtered cigars, since they are sold on a per unit basis, such as packages of 10 or 20. The Department estimates LB 429 would decrease revenues to the Tobacco Products Administration Cash Fund by the following amounts:

Fiscal Year	Tobacco Products Administration Cash Fund
2019-20	\$257,000
2020-21	\$360,000
2021-22	\$379,000
2022-23	\$397,000

Departmental cost to implement the bill is expected to be minimal.

**Major Objects of Expenditure**

Class Code	Classification Title	19-20	20-21	21-22	19-20	20-21	21-22
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	<b>Total.....</b>						