PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza March 1, 2021 (402)471-0050

**LB 655** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	21-22	FY 2022-23				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS		(\$253,000)		(\$397,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$253,000		(\$397,000)			

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

LB 655 seeks to change the taxation of cigars, cheroots, and stogies. Currently, such products are taxed at 20% of the price paid by the first owner or by the manufacturer. LB 655 would add the additional limit that the tax collected on each cigar, cheroot, or stogie cannot exceed \$0.50. This would impact the sale of such items that cost more than \$2.50.

LB 655 would become operative October 1, 2021

Revenue collected from the taxation of these tobacco products is currently credited to the Tobacco Products Administration Cash Fund. The Department of Revenue estimates that the Fund would see the following impact to its revenues as a result of LB 655:

- FY21-22: (\$253,000)
- FY22-23: (\$397,000)
- FY23-24: (\$417,000)
- FY24-25: (\$438,000)

There is no basis to disagree with these estimates.

The Department of Revenue estimates no costs to implement LB 655. There is no basis to disagree with this estimate.

State Agency Estimate							
State Agency Name: Department of Revenue			Date Due LFO:				
Approved by: Tony Fulton  FY 2021-20		Date Prepared:	2/26/2021	21 Phone: 471-5896			
		1-2022	FY 2022-2023		FY 2023-2024		
	Expenditures	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue	
General Funds		\$0	ĺ	\$0		\$0	
Cash Funds		(\$253,000)		(\$397,000)		(\$417,000)	
Federal Funds							
Other Funds							
Total Funds		(\$253,000)		(\$397,000)		(\$417,000)	

LB 655 would amend Neb. Rev. Stat. § 77-4008 to limit the tobacco products tax for cigars, cheroots, and stogies. The tax currently is 20% of the purchase price paid by the first owner or sold by the manufacturer. LB 655 would retain this percentage but limit the tax to 50 cents for each cigar, cheroot, and stogie.

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. It is estimated that LB 655 would have the following impact to the Tobacco Products Administration Cash Fund:

Fiscal Year	Tobacco Products Administration Cash Fund			
FY 2021-22	\$ (253,000)			
FY 2022-23	\$ (397,000)			
FY 2023-24	\$ (417,000)			
FY 2024-25	\$ (438,000)			

It is estimated that there will be minimal costs to the Department to implement this bill.

The operative date for this bill is October 1, 2021.

Major Objects of Expenditure							
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures
Benefits	Benefits						
Operating Costs	Operating Costs						
	Travel						
Capital Outlay							
Capital Improvements.							
Total							