

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$3,017,333		\$4,508,000
CASH FUNDS		\$53,168,667		\$84,458,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	\$56,186,000	See Below	\$88,966,000

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

LB 11 would change the tax on each package of cigarettes containing not more than 20 cigarettes to \$2.14 from the current \$0.64 per package. \$1.00 of the tax increase would be placed in the Property Tax Credit Cash Fund and the other \$0.50 of the tax increase would be placed into the Medicaid Waiver Cash Fund by the State Treasurer beginning October 1, 2024 and every fiscal year thereafter.

The bill also creates the mentioned Medicaid Waiver Cash Fund. The Department of Health and Human Services (DHHS) would administer the fund and would use the fund to pay the state portion of the costs of services provided through Medicaid waivers. The Department of Revenue (DOR) estimated the following fiscal impact of an identical proposal which was introduced in [LB 745 \(2023\)](#) which would have been effective July 1, 2023:

Fiscal Year	General Fund Revenues	Property Tax Credit Cash Fund	Medicaid Waiver Cash Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (Cities and Counties)
FY2023-24	\$ 4,256,000	\$53,045,000	\$26,523,000	\$157,000	\$28,000
FY2024-25	\$ 4,508,000	\$56,184,000	\$28,092,000	\$182,000	\$32,000
FY2025-26	\$ 4,372,000	\$54,488,000	\$27,244,000	\$177,000	\$31,000
FY2026-27	\$ 4,242,000	\$52,866,000	\$26,433,000	\$172,000	\$30,000

There is estimated to be a revenue gain to the State Highway Capital Improvement Fund and to the Highway Allocation Fund, which is distributed to cities and counties. Revenue to the General Fund is due to the increase in sales tax collected on cigarettes.

The estimates FY24 for LB 745 (2023) reflect a full fiscal year whereas LB 11 would not go into effect until after October 1, 2024 and due to a one month lag the estimated revenue impact of FY25 reflects 8 months of a fiscal year:

Fiscal Year	General Fund Revenues	Property Tax Credit Cash Fund	Medicaid Waiver Cash Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (Cities and Counties)
FY2024-25	\$ 3,017,333	\$ 35,363,333	\$ 17,682,000	\$ 104,667	\$ 18,667
FY2025-26	\$ 4,508,000	\$ 56,184,000	\$ 28,092,000	\$ 182,000	\$ 23,000
FY2025-27	\$ 4,372,000	\$ 54,488,000	\$ 27,244,000	\$ 177,000	\$ 31,000
FY2027-28	\$ 4,242,000	\$ 52,866,000	\$ 26,433,000	\$ 172,000	\$ 30,000

For LB 745 (2023), DOR estimated minimal costs to implement the bill whereas DHHS indicated need of additional staffing depending on the intended use and requirements of administering the created fund. There is no basis to disagree with this estimate.