

**ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026**  
**COMMITTEE STATEMENT**  
**LB1124**

---

**Hearing Date:** Wednesday February 04, 2026  
**Committee On:** Revenue  
**Introducer:** Sorrentino  
**One Liner:** Increase the cigarette tax and state intent and change provisions relating to the distribution of cigarette tax proceeds

---

**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

---

**Vote Results:**

<b>Aye:</b>	7	Senators von Gillern, Bostar, Ibach, Jacobson, Kauth, Murman, Sorrentino
<b>Nay:</b>		
<b>Absent:</b>		
<b>Present Not Voting:</b>	1	Senator Dungan

---

**Testimony:**

**Proponents:**

Senator Tony Sorrentino  
Matthew Ahern  
Julia McCarville  
Maggie Ballard  
Megan Word  
Brian Krannawitter  
Mark Welsch

**Representing:**

Opening Presenter  
Department of Health & Human Services  
American Lung Association in Nebraska  
Heartland Family Service  
American Cancer Society, Cancer Action Network  
American Heart Association  
Group to Alleviate Smoking Pollution

**Opponents:**

Bill Orzechowski  
Luke Wenz  
Ansley Fellers

**Representing:**

Orzechowski and Walker  
Platte Institute  
Nebraska Grocery Industry Association, Nebraska Petroleum Marketers and Convenience Store Association

**Neutral:**

Bill Hawkins  
Brian Erkkila

**Representing:**

Self  
Phillip Morris International US

\* ADA Accommodation Written Testimony

---

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

LB 1124 amends Neb. Rev. Stat. § 77-2602 to add findings discussing the costs of smoking to health in Nebraska,



costing \$120 million per year in medicaid costs, and an intent to transfer monies for purposes of medicaid; as of July 1, 2026, to add one dollar to the cigarette tax, increasing it from sixty-four cents (\$0.64) to one dollar and sixty-four cents (\$1.64); to increase the amount placed from the tax into the General Fund from forty-nine cents (\$0.49) to fifty-two cents (\$0.52); and to place the remaining ninety-seven cent (\$0.97) increase in the Nebraska Health Care Cash Fund for the purpose of using towards medicaid. The bill has an operative date of July 1, 2026.

---

**Explanation of amendments:**

AM 2253 strikes and replaces the original sections of LB 1124 to create the Medicaid Expense Offset Cash Fund; redirect the ninety-seven cents (\$0.97) originally directed to the Nebraska Health Care Cash Fund to this newly created Fund; add into LB 1124 the provisions of LB 712, removing the bifurcated taxation system for Nicotine Delivery Products, removing the taxation system for items of less than three milliliters of product, taxing all products at a base percentage tax rate on the sale price of the product, and increasing the taxation percentage from ten percent (10%) to thirty percent (30%), which was amended down from the original percentage change in LB 712 of forty percent (40%).

Section by Section Summary of AM 2253:

Section 1. Amends Neb. Rev. Stat. § 77-2602 as provided in the original version of LB 1124 but is further amended to redirect the ninety-seven cent (\$0.97) portion of the increase to the Medicaid Expense Offset Cash Fund instead of the Nebraska Health Care Cash Fund.

Section 2. A new statute creating the Medicaid Expense Offset Cash Fund, and establishing rules for administration of the Fund.

Section 3. Amends Neb. Rev. Stat. § 77-4008 as provided in the provisions of LB 712 to eliminate the bifurcated nicotine delivery taxation system, moving to taxing all such products on a percentage tax of the sales price of the product; and to increase the taxation percentage on such products from ten percent (10%) to thirty percent (30%), which was amended down from the original LB 712 provision of forty percent (40%).

Section 4. Operative date of July 1, 2026.

Section 5. Repealer.

Section 6. Emergency Clause.

---

R. Brad von Gillern, Chairperson

