

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

LB 1037 amends section 77-2602.06 to provide that upon receipt of a written request from the governing body of any federally recognized Indian tribe within the State of Nebraska, the governor or his or her designated representative shall enter into good-faith negotiations for the purpose of executing an agreement with the governing body of any federally recognized Indian tribe within the State of Nebraska.

The Governor or his or her designated representative retains the discretion on whether to execute such an agreement, but is under a duty to negotiate in good-faith. Negotiations on such agreement shall commence within 60 days after the Governor's receipt of such written request and shall continue until either an agreement is executed or the parties jointly declare an impasse in writing. While negotiations remain active there shall be at least one negotiation session every 90 days.

The Governor or his or her designated representative shall not decline to negotiate, terminate negotiations, or unreasonably delay negotiation under this section based solely or primarily upon a federally recognized Indian tribe's exercise of its lawful governmental authority with respect to matters unrelated to the taxation of cigarettes and other tobacco products, including, but not limited to, the regulation of cannabis within the tribe's Indian country.

The scope of negotiations under this section includes, but is not limited to, the collection, allocation, and refund of any cigarette tax or other tobacco product tax, as well as any amounts paid into or out of escrow pursuant to section 69-2703 or other statutes enacted to implement the Master Settlement Agreement.

The existence of obligations arising under the Master Settlement Agreement or statutes enacted to implement the Master Settlement Agreement, including escrow requirements under section 69-2703, shall not on its own constitute a valid basis for declining or unreasonably delaying negotiations under this section so long as the tribe's proposals are consistent with federal law and the Master Settlement Agreement.

The bill also amends section 77-2603.01 to provide that the state may, as part of an agreement with an Indian tribe entered into pursuant to section 77-2602.06, contemplate the use of a tribal stamp for sales of cigarettes on an Indian tribe's Indian country in lieu of the cigarette stamp required under section 77-2603.

The bill is operative three months after adjournment of the Legislature.

The Department of Revenue (DOR) estimates no impact to General Fund revenues and minimal costs to it as a result of the bill. There is no basis to disagree with these estimates.

