

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

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

LB 125 adds nicotine analogue to the definitions of alternative nicotine product and electronic nicotine delivery system under section 28-1418.01. The definition of nicotine analogue is added to mean a substance that has a chemical structure substantially similar to nicotine or an effect on the central nervous system that is substantially similar to, or greater than, the effect on the central nervous system of nicotine.

The bill amends the Tobacco Products Tax Act.

Under the bill, nicotine analogues are added to the definition of consumable material.

The bill adds alternative nicotine products to the definition of tobacco under the Act.

The bill provides a tax on alternative nicotine products of 20% of the purchase price of such products paid by the first owner or the price at which a first owner who made, manufactured, or fabricated the product sells the items to others.

The bill becomes operative on January 1, 2026.

The Department of Revenue (DOR) estimates the following increase to the Tobacco Products Administration Cash Fund as a result of the bill:

- FY26: \$927,000
- FY27: \$2,448,000
- FY28: \$2,693,000
- FY29: \$2,962,000

The DOR estimates minimal costs to it as a result of the bill.

The inclusion of nicotine analogues to the definition of consumable material appears to include additional products for the taxation and certification fees regarding Electronic Nicotine Delivery Systems (ENDS). Thus, this could increase General Fund revenues connected to the taxation of ENDS and increase revenues credited to the Tobacco Products Administration Cash Fund connected to ENDS certification fees.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 125	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 2/20/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 125 appears reasonable.		

