PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 30, 2025 402-471-0051

LB 212

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	25-26	FY 2026-27			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$72,100		\$10,000			
CASH FUNDS		(\$317,000)		(\$499,000)		
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$72,100	(\$317,000)	\$10,000	(\$499,000)		

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

LB 212 changes the taxation of cigars, cheroots, and stogies. Currently, such products are taxed at 20% of the purchase price paid by the first owner or the price at which a first owner who made, manufactured, or fabricated the tobacco product sells the items to others. LB 212 adds the additional limit that the tax collected on each cigar, cheroot, or stogie cannot exceed \$0.50.

LB 212 becomes operative on October 1, 2025.

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

FY26: (\$317,000)FY27: (\$499,000)FY28: (\$524,000)

The DOR estimates a need for a one-time programming charge of \$12,600 to be paid to the Office of the Chief Information Officer (OCIO) as a result of the bill. The DOR also estimates a need for 0.5 FTE Senior Developer in FY26 and then \$10,000 in FY27 and FY28 to program and maintain the General Processing System.

There is no basis to disagree with these estimates.

LB 212 Fiscal Note 2025

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:		72025 Phone: 471-5896			
	FY 2025-2026		FY 2026-2027		FY 2027-2028		
	<u>Expenditures</u>	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue	
General Funds	\$72,100		\$10,000		\$10,000		
Cash Funds		\$(317,000)		\$(499,000)		\$(524,000)	
Federal Funds							
Other Funds							
Total Funds	\$72,100	\$(317,000)	\$10,000	\$(499,000)	\$10,000	\$(524,000)	

LB 212 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. LB212 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, \$2.5 per cigar and would not apply to little filtered cigars, since they are sold on a per unit basis, such as package of 10 or 20. It is estimated that LB 212 would have the following impact to the Tobacco Products Administration Cash Fund:

	Tobacco Products			
Fiscal Year	Administration Cash Fund			
FY 2025-26	\$	(317,000)		
FY 2026-27	\$	(499,000)		
FY 2027-28	\$	(524,000)		

LB 212 will require a one-time programming charge of \$12,600 to the OCIO for Form 56 and preident file updates. LB 212 will also require 0.5 FTE of Senior Developer on the first year and \$10,000 for the second and third year to program and maintain the General Processing System.

The operative date for this bill is October 1, 2025

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Major Objects of Expenditure							
Class Code	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
A07012	Information Technology Applications Developer/Senior	0.5			\$41,000		
Benefits.				\$13,500			
Operating Costs.				\$12,600	\$10,000	\$10,000	
Travel							i
Capital Outlay				\$5,000			
	ents						
					\$72,100	\$10,000	\$10,000