

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2026 Legislative Session

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	73,200	0	0	0	73,200
FY2027-2028	10,000	0	0	0	10,000
FY2028-2029	10,000	0	0	0	10,000
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	(479,000)	0	0	(479,000)
FY2027-2028	0	(755,000)	0	0	(755,000)
FY2028-2029	0	(793,000)	0	0	(793,000)

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. For the purposes of this carryover bill fiscal note, the fiscal impact is assumed to begin October 1, 2026.

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: (\$479,000)
- FY27: (\$755,000)
- FY28: (\$793,000)

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 FY27 and then \$10,000 in FY28 and FY29 to program and maintain the General Processing System.

There is no basis to disagree with these estimates.

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:		LEAVE BLANK		
				Phone: 471-5896		
	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>		<u>FY 2028-2029</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$73,200		\$10,000		\$10,000	
Cash Funds		\$(479,000)		\$(755,000)		\$(793,000)
Federal Funds						
Other Funds						
Total Funds	\$73,200	\$(479,000)	\$10,000	\$(755,000)	\$10,000	\$(793,000)

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:

Fiscal Year	Tobacco Products Administration Cash Fund
FY 2026-27	\$ (479,000)
FY 2027-28	\$ (755,000)
FY 2028-29	\$ (793,000)

LB 212 will require a one-time programming charge of \$12,600 to the OCIO for Form 56 and pre-ident 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.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>28-29 FTE</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>	<u>28-29 Expenditures</u>
A07012	Information Technology Applications Developer/Senior	0.5			\$41,800		
Benefits.....					\$13,800		
Operating Costs.....					\$12,600	\$10,000	\$10,000
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
Total.....					\$73,200	\$10,000	\$10,000

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 212	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 12/16/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 212 appears reasonable.		