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PREPARED BY: Doug Gibbs
DATE PREPARED: March 02, 2011
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LB 436

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 436 amends Nebraska Revised Statutes Sections 77-2602 and 77-4008, dealing with the taxation of cigarettes and tobacco products and distribution of revenue.

Section 77-2602 is amended to increase the excise tax on cigarettes from the current rate of 64 cents per package to \$1.99 per package.

The bill amends the distribution of revenue from the excise tax on cigarettes to add two new distributions. The bill distributes the equivalent of 37.5 cents but not less than \$30,800,000 each fiscal year, to the Health Care and Human Service Provider Rate Stabilization Fund.

The equivalent of one-half cent but not less than \$486,470 is distributed to the Tobacco Prevention and Control Cash Fund.

LB 436 creates the Health Care and Human Service Provider Rate Stabilization Fund. The Fund is to be used to support reimbursement of service providers through service rates within, but not limited to, the following programs:

- o Medical Assistance Act
- o Children's Health Insurance Program
- o Nebraska Behavioral Health Service Act
- o Nebraska Community Aging Services Act

Section 77-4008 is amended to increase the tax on tobacco products from the current 20 percent to 65 percent of the purchase price paid by the first owner or the price at which a first owner who manufactured or fabricated the product sells the product to others. Proceeds from the tax will continue to be credited to the Tobacco Products Administration Cash Fund.

The Legislative Fiscal Office estimates the following fiscal impact to the General Fund:

Fiscal Year:	Cigarette Tax Increase:	Sales Tax Increase:	Total:
FY11-12	\$ 65,415,600	\$ 2,518,500	\$ 67,934,100
FY12-13	\$ 87,220,800	\$ 3,358,000	\$ 90,578,800
FY13-14	\$ 82,933,725	\$ 3,192,950	\$ 86,126,675
FY14-15	\$ 78,818,000	\$ 3,034,500	\$ 81,852,500

The Department of Revenue estimates the following fiscal impact to the General Fund:

Fiscal Year:	Cigarette Tax Increase:	Sales Tax Increase:	Total:
FY11-12	\$ 64,513,000	\$ 2,484,000	\$ 66,997,000
FY12-13	\$ 81,935,000	\$ 3,155,000	\$ 85,090,000
FY13-14	\$ 78,695,000	\$ 3,030,000	\$ 81,725,000
FY14-15	\$ 75,533,000	\$ 2,908,000	\$ 78,441,000

The Legislative Fiscal Office estimates the following fiscal impact to the following Cash Funds:

Fiscal Year:	Tobacco Products Administration Cash Fund:	Health Care and Human Service Provider Rate Stabilization Fund:	Tobacco Prevention and Control Cash Fund:	Total:
FY11-12	\$ 4,074,300	\$ 30,800,000	\$ 486,470	\$ 35,360,770
FY12-13	\$ 5,432,500	\$ 34,711,875	\$ 486,470	\$ 40,630,845
FY13-14	\$ 5,704,000	\$ 33,323,400	\$ 486,470	\$ 39,513,870
FY14-15	\$ 5,989,300	\$ 31,990,500	\$ 486,470	\$ 38,466,270

The Department of Revenue estimates the following fiscal impact to the following Cash Funds:

Fiscal Year:	Tobacco Products Administration Cash Fund:	Health Care and Human Service Provider Rate Stabilization Fund:	Tobacco Prevention and Control Cash Fund:	Total:
FY11-12	\$ 2,426,000	\$ 30,800,000	\$ 486,470	\$ 33,712,470
FY12-13	\$ 3,397,000	\$ 35,344,000	\$ 486,470	\$ 39,227,470
FY13-14	\$ 3,567,000	\$ 34,406,000	\$ 486,470	\$ 38,459,470
FY14-15	\$ 3,745,000	\$ 33,491,000	\$ 486,470	\$ 37,722,470

Total estimated fiscal impact of LB 436 to General Fund and Cash Funds:

Fiscal Year:	Legislative Fiscal Office:	Department of Revenue:
FY11-12	\$ 103,294,870	\$ 100,709,470
FY12-13	\$ 131,209,645	\$ 124,317,470
FY13-14	\$ 125,640,545	\$ 120,184,470
FY14-15	\$ 120,318,770	\$ 116,163,470

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	3/3/11	PHONE	471-2526
COMMENTS					
DHHS – The analysis appears reasonable.					

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LB(1) 0436

FISCAL NOTE

2011

LEGISLATIVE

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) February 4, 2011

Phone: (5) 471-8072

WJB

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$31,286,470		\$31,286,470
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$31,286,470	\$0	\$31,286,470

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Revenue:

\$.005 cents of the increased cigarette tax but not less than \$486,470 each fiscal year will be going into the Tobacco Prevention and Control Cash Fund. \$.375 cents of the increase cigarette tax but not less than \$30,800,000 each fiscal year will be deposited in to a newly created Health Care and Human Service Provider Rate Stabilization Fund. The total minimum amount of revenue going to Health and Human Services will be \$31,286,470 (\$486,470 + \$30,800,000).

Expenditures:

There is no appropriations in LB0436 for expending the revenue that Health and Human Services would receive.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0