

Revised for the 2008 legislative session.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2008-09</b>		<b>FY 2009-10</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	2,500,000		2,500,000	
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>2,500,000</b>		<b>2,500,000</b>	

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

LB 420 would redirect the use of cigarette tax as currently provided in law. The current uses and revisions proposed in LB 420 include:

- The \$1,000,000 of cigarette tax revenue that is currently scheduled to deposit annually in the City of the Primary Class Development Fund through June 30, 2016 would be redirected to the Water Resources Cash Fund beginning July 1, 2008.
- The \$1,500,000 of cigarette tax revenue that is currently scheduled to be deposited annually in the City of the Metropolitan Class Development Fund through June 30, 2016 would be redirected to the Agricultural Research Fund beginning July 1, 2008.

LB 420 creates the Agricultural Research Fund in the Department of Agriculture and specifies that it shall be used to fund agricultural research projects and facilities across Nebraska. The Water Resources Cash Fund would be administered and expended by the Department of Natural Resources.

The transfer of cigarette tax revenue into the funds created in LB 420 would result in an additional \$2,500,000 in cash fund revenue and expenditures in state agency budgets, beginning in FY2008-09. The City of Omaha and the City of Lincoln would experience a revenue reduction as a result of cigarette tax revenue being redirected to state agency programs. The only impact that LB 420 would have upon cigarette tax revenue is to change the way that it is distributed.

It is possible that the University of Nebraska may receive additional funding as a result of projects funded through the Agricultural Research Fund.

**DEPARTMENT OF ADMINISTRATIVE SERVICES**

<b>REVIEWED BY</b>	Lyn Heaton	<b>DATE</b>	12/21/07	<b>PHONE</b>	471-2526
<b>COMMENTS</b>					
DEPT. OF AGRICULTURE – The agency analysis does reflect the bill as introduced, but does not reflect the proposed committee amendment.					
NATURAL RESOURCES - The agency analysis does reflect the bill as introduced, but does not reflect the proposed committee amendment. However, it should be noted the revenue and appropriation is cash funds.					
UNIVERSITY OF NEBRASKA – Concur.					
CITY OF LINCOLN - The analysis does reflect the bill as introduced, but does not reflect the proposed committee amendment.					
CITY OF OMAHA - The analysis does reflect the bill as introduced, but does not reflect the proposed committee amendment.					