PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 25, 2016 402-471-0051

LB 762

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2016-17		FY 2017-18				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS		\$21,000		\$31,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$21,000		\$31,000			

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

LB 762 amends Nebraska Revised Statutes Section 77-4008 regarding the tax on tobacco products.

The bill would increase the tax on cigars, cheroots, or stogies from the current 20% to 22% of the wholesale price, but not to exceed fifty cents for each cigar, cheroot, or stogie.

The limit of fifty cents will result in a substantial reduction in tax revenue on the premium cigar segments of the market which will be offset by the increase to 22% of the wholesale price on mass market cigars, cheroots and the other segments.

The Department of Revenue estimates that the bill will have the following fiscal impact on the Tobacco Products Administration Cash Fund:

FY2016-17: \$21,000 FY2017-18: \$31,000 FY2018-19: \$34,000

Department of Revenue cost to implement the provisions of LB 762 is expected to be minimal.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 762 AM: AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton			DATE: 1/26/2016	PHONE: 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis					

		State Agency	Estimate				
State Agency Name: Department	of Revenue				Date Due LFA:	1/25/2016	
Approved by: Tony Fulton		Date Prepared:	1/21/2016		Phone: 471-5896		
	FY 201	FY 2016-2017		FY 2017-2018		FY 2018-2019	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds							
Cash Funds		\$21,000		\$31,000		\$34,000	
Federal Funds							
Other Funds							
Total Funds		\$21,000		\$31,000		\$34,000	
				•		•	

LB 762 would amend Neb. Rev. Stat. § 77-4008 to increase the tax on cigars, cheroots, and stogies from 20% of the wholesale price to 22%, not to exceed 50 cents for each cigar, cheroot, or stogie. There would be no change in the tax for snuff or the remaining other tobacco products. The change would be operative October 1, 2016.

It is estimated that LB 762 would increase revenue to the Tobacco Products Administration Cash Fund by the following amounts:

FY 2016-17: \$21,000 FY 2017-18: \$31,000 FY 2018-19: \$34,000

Departmental cost to implement the bill is expected to be minimal.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	16-17 <u>FTE</u>	17-18 <u>FTE</u>	18-19 <u>FTE</u>	16-17 Expenditures	17-18 Expenditures	18-19 Expenditures
Benefits							
Operating Costs							
Aid							