PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 21, 2025 402-471-0051

LB 285

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	5-26	FY 2026-27			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$954,000)		(\$1,600,000)		
CASH FUNDS		See Below		See Below		
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		See Below		See Below		

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

LB 285 provides a definition of flavored vapor product.

Under the bill, a person holding a license under sections 28-1420 to 28-1429 shall not market, advertise, sell, or cause to be sold any flavored vapor product. The bill amends section 28-1429 so that if licenses issued under sections 28-1420 to 28-1429 are revoked and forfeited as provided in section 28-1425 for violation of this requirement, no new license shall be issued to such licensee until the expiration of one year after the date of such revocation and forfeiture except as otherwise provided in section 28-1423.

The bill amends the Tobacco Products Tax Act.

The Act is amended so that the Tax Commissioner shall not issue a certification under section 77-4011.01 for any electronic nicotine delivery system (ENDS) which is a flavored vapor product and a manufacturer shall not cause to be sold at retail in this state any type or model of ENDS which is a flavored vapor product.

The Department of Revenue (DOR) estimates the following decrease to General Fund revenues as a result of the bill:

- FY26: (\$954,000)
- FY27: (\$1,600,000)
- FY28: (\$1,788,000)
- FY29: (\$1,998,000)

The DOR estimates minimal costs to it to implement the bill.

Prohibiting flavored vapor products would decrease the revenue credited to the Tobacco Products Administration Cash Fund connected to the nonrefundable \$75 certification fee for each type or model of ENDS sold in the state but such decrease is indeterminate at this time. LB 1204 (2024) estimated revenue for certification fees for all ENDS for FY26 ranging from \$226,000 to \$382,000.

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:	02/21/2025		Phone: 471-5896		
	FY 2025	-2026	FY 2026-2027		FY 2027-2028		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ (954,000)		\$ (1,600,000)		\$ (1,788,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ (954,000)		\$ (1,600,000)		\$ (1,788,000)	

LB 285 prohibits an entity holding a local tobacco license from selling flavored vapor products. The bill adds the prohibition as violation under 28-1425 and the one-year waiting period to issue a new license after the license has been revoked under 28-1429. Prohibited flavors include all flavors except for tobacco and menthol.

Under the Tobacco Products Tax Act, LB 285 prohibits flavored vape products from being added to DOR's vapor directory. An ENDS manufacturer is prohibited from causing flavored ENDS to be at retail in Nebraska.

It is estimated that LB 285 will have the following impact on the General Fund revenues:

Fiscal Year	General Fund		
1 iscai i cai	revenues		
FY2025-26	\$ (954,000)		
FY2026-27	\$ (1,600,000)		
FY2027-28	\$ (1,788,000)		
FY2028-29	\$ (1,998,000)		

It is estimated that there will be minimal costs to the Department to implement this bill.

LB 285 operative date is three months after adjournment.

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
Benefits	Benefits						
Operating Costs.							
Travel							
Capital Outlay							
Capital Improvements							
Total							