PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 05, 2024 402-471-0051

LB 1299

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	24-25	FY 2025-26			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		\$19,252,000		\$23,882,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		\$19,252,000		\$23,882,000		

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

LB 1299 would make changes to the tax on electronic nicotine delivery systems so it would be 20% of the purchase price paid by the first owner or the price at which the first owner who made, manufactured, or fabricated the electronic nicotine delivery system sells the item to others.

The operative date for this bill is three months after adjournment.

The Department of Revenue (DOR) estimates the following increase to General Fund revenues from this bill:

• FY 24-25: \$19,252,000

• FY 25-26: \$23,882,000

FY 26-27: \$24,598,000

• FY 27-28: \$25,336,000

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

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 1299	AM:	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED BY	∕: Neil Sullivan	DATE: 2/5/2024	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1299 appears reasonable.					

LB 1299 Fiscal Note 2024

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:		02/02/2024			
	FY 2024	FY 2024-2025		FY 2025-2026		FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$19,252,000		\$23,882,000		\$ 24,598,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$19,252,000		\$23,882,000		\$ 24,598,000	

LB 1299 changes the tax rate on electronic nicotine delivery system (ENDS) to 20% of the purchase price of ENDS paid by the first owner or the price at which the first owner who made, manufactured, or fabricated the ENDS sells the item to others. The term consumable material is removed from tax base. This bill would now subject ENDS without consumable material such as components to the tax.

It is estimated that LB 1299 will have the following impact on the General Fund revenues:

Fiscal Year	General Fund revenues			
FY 2024-25	\$	19,252,000		
FY 2025-26	\$	23,882,000		
FY 2026-27	\$	24,598,000		
FY2027-28	\$	25,336,000		

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

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure							
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
Benefits							
Operating Costs	Operating Costs						
Travel							
Capital Outlay.							
Capital Improvements							
Total							