

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2026 Legislative Session

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	12,600	0	0	0	12,600
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	8,236,000	0	0	0	8,236,000
FY2027-2028	10,180,000	0	0	0	10,180,000
FY2028-2029	10,485,000	0	0	0	10,485,000

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

Under LB 712, the tax on ENDS is 40% of the purchase price 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 operative date for this bill is three months after adjournment of the Legislature. For this updated fiscal note, the operative date is assumed to be three months after the adjournment of the 2026 Legislature.

The DOR estimates the following increase to General Fund revenues as a result of the bill based upon additional information to more accurately depict demand based upon the tax rate:

- FY27: \$8,236,000
- FY28: \$10,180,000
- FY29: \$10,485,000

The DOR estimates minimal impact to the Highway Trust Fund and Highway Allocation Fund, which is distributed to cities and counties.

The DOR estimates a one-time programming charge of \$12,600 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

There is no basis to disagree with these estimates by the DOR.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO: Phone: 471-5896	
Approved by:	Date Prepared:	12/02/2025	
	FY 2026-2027	FY 2027-2028	FY 2028-2029
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>
General Funds	\$12,600	\$8,236,000	
Cash Funds			\$10,180,000
Federal Funds			
Other Funds			
Total Funds	\$12,600	\$8,236,000	\$10,485,000

LB 712 would increase the tax rate on electronic nicotine delivery systems (ENDS). Currently, ENDS products containing three milliliters or less of consumable material is taxed at a rate of five cents per milliliter. ENDS products containing more than three milliliters are taxed at 10% of the purchase price.

LB 712 would eliminate the discrepancy in calculating tax rate based on the amount of consumable material. Instead, all ENDS including ENDS without consumable material would be taxed at a rate of 40% of the purchase price.

It is estimated that LB 712 will have the following impact on the General Fund revenues:

Fiscal Year	General Fund revenues
FY 2026-27	\$ 8,236,000
FY 2027-28	\$ 10,180,000
FY 2028-29	\$ 10,485,000

It is estimated that LB 712 will have minimal impact on the Highway Trust Fund and Highway Allocation Fund.

LB 712 will require a one-time programming charge of \$12,600 paid to the OCIO to implement necessary changes.

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

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	28-29 <u>FTE</u>	26-27 <u>Expenditures</u>	27-28 <u>Expenditures</u>	28-29 <u>Expenditures</u>
Benefits.....							
Operating Costs.....					\$12,600		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....					\$12,600		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 712	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 12/16/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 712.		