PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs February 12, 2018 402-471-0051

LB 1087

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2018-19 EXPENDITURES REVENUE		FY 2019-20			
			EXPENDITURES REVENUE			
GENERAL FUNDS						
CASH FUNDS		(\$239,000)		(\$335,000)		
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$239,000)		(\$335,000)		

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

LB 1087 amends Nebraska Revised Statutes Section 77-4008 to impose an excise tax on cigars, cheroots, or stogies. The rate of tax is 20% of:

- a) The purchase price paid by the first owner; OR
- b) The price at which the first owner who made, manufactured, or fabricated the product sells the item to others, except the maximum tax imposed shall be fifty cents for each cigar, cheroot, or stogie.

The current tax on cigars, cheroots, and stogies is 20% of either the purchase price of such tobacco products paid by the first owner or the price at which a first owner who made, manufactured, or fabricated the tobacco product sells the item to others.

The bill has an operative date of October 1, 2018.

The Department of Revenue estimates that LB 1087 will have the following fiscal impact to the Tobacco Products Administration Cash Fund:

FY2018-19: (\$ 239,000) FY2019-20: (\$ 335,000) FY2020-21: (\$ 352,000)

The Department of Revenue indicates minimal cost to implement the provisions of LB 1087.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINI	STRATIVE SERVIC	ES STATE BUDGET DIVISIO	N: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1087	AM:	AGENCY/POLT. SUB:	Dept. of Revenue		
REVIEWED B	BY: Lyn Heaton	DATE: 2/13/2018	PHONE: (402) 471-4181		
COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate of revenue loss. However					

COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate of revenue loss. However, since the balance in the Tobacco Products Administration Cash Fund not needed to administer the tobacco products tax administration and enforcement is transferred to the General Fund on an annual basis, the indicated revenue loss will actually be experienced by the General Fund.

LB 1087 Fiscal Note 2018

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	2/13/2018	
Approved by: Tony Fulton		Date Prepared:	2/12/2018		Phone: 471-5896		
FY 2018-2019		FY 2019-2020		FY 2020-2021			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds							
Cash Funds		(\$239,000)		(\$335,000)	· .	(\$352,000)	
Federal Funds							
Other Funds							
Total Funds		(\$239,000)	`	(\$335,000)		(\$352,000)	
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LB 1087 would amend Neb. Rev. Stat. § 77-4008 to limit the tax on certain other tobacco products to 50 cents apiece for cigars, cheroots, and stogies. The tax currently is 20% of (i) the purchase price paid by the first owner or (ii) the price at which the first owner who manufactured these products sells them to others. LB 1087 would retain this percentage but limit the tax to 50 cents each on only the three products mentioned above.

The bill's operative date is October 1, 2018.

It is estimated that LB 1087 would decrease revenues to the Tobacco Products Administration Cash Fund by the following amounts:

	Tobacco Products			
Fiscal Year	Administration Cash			
	Fund			
2018-2019	\$239,000			
2019-2020	\$335,000			
2020-2021	\$352,000			

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

Major Objects of Expenditure							
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 Expenditures
Benefits	Benefits						
Operating Costs	Operating Costs						
Travel	Travel						
Capital Outlay							
Capital Improvements.							
Total							