

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SPECIAL SESSION

LEGISLATIVE BILL 11

Introduced by Cavanaugh, M., 6.

Read first time July 25, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2602, Revised Statutes Cumulative Supplement, 2022; to increase
- 3 the cigarette tax and distribute tax proceeds as prescribed; to
- 4 create a fund; to harmonize provisions; to repeal the original
- 5 section; and to declare an emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2602, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 77-2602 (1) Every stamping agent engaged in distributing or selling
4 cigarettes at wholesale in this state shall pay to the Tax Commissioner
5 of this state a special privilege tax. This shall be in addition to all
6 other taxes. It shall be paid prior to or at the time of the sale, gift,
7 or delivery to the retail dealer in the several amounts as follows: On
8 each package of cigarettes containing not more than twenty cigarettes,
9 two dollars and fourteen ~~sixty-four~~ cents per package; and on packages
10 containing more than twenty cigarettes, the same tax as provided on
11 packages containing not more than twenty cigarettes for the first twenty
12 cigarettes in each package and a tax of one-twentieth of the tax on the
13 first twenty cigarettes on each cigarette in excess of twenty cigarettes
14 in each package.

15 (2) Beginning October 1, 2004, the State Treasurer shall place the
16 equivalent of forty-nine cents of such tax in the General Fund. For
17 purposes of this section, the equivalent of a specified number of cents
18 of the tax shall mean that portion of the proceeds of the tax equal to
19 the specified number divided by the tax rate per package of cigarettes
20 containing not more than twenty cigarettes.

21 (3) The State Treasurer shall distribute the remaining proceeds of
22 such tax as follows:

23 (a) Beginning July 1, 1980, the State Treasurer shall place the
24 equivalent of one cent of such tax in the Nebraska Outdoor Recreation
25 Development Cash Fund. For fiscal year distributions occurring after
26 FY1998-99, the distribution under this subdivision shall not be less than
27 the amount distributed under this subdivision for FY1997-98. Any money
28 needed to increase the amount distributed under this subdivision to the
29 FY1997-98 amount shall reduce the distribution to the General Fund;

30 (b) Beginning July 1, 1993, the State Treasurer shall place the
31 equivalent of three cents of such tax in the Health and Human Services

1 Cash Fund to carry out sections 81-637 to 81-640. For fiscal year
2 distributions occurring after FY1998-99, the distribution under this
3 subdivision shall not be less than the amount distributed under this
4 subdivision for FY1997-98. Any money needed to increase the amount
5 distributed under this subdivision to the FY1997-98 amount shall reduce
6 the distribution to the General Fund;

7 (c) Beginning October 1, 2002, and continuing until all the purposes
8 of the Deferred Building Renewal Act have been fulfilled, the State
9 Treasurer shall place the equivalent of seven cents of such tax in the
10 Building Renewal Allocation Fund. The distribution under this subdivision
11 shall not be less than the amount distributed under this subdivision for
12 FY1997-98. Any money needed to increase the amount distributed under this
13 subdivision to the FY1997-98 amount shall reduce the distribution to the
14 General Fund;

15 (d) Beginning July 1, 2016, and every fiscal year thereafter, the
16 State Treasurer shall place the equivalent of three million eight hundred
17 twenty thousand dollars of such tax in the Nebraska Public Safety
18 Communication System Cash Fund. If necessary, the State Treasurer shall
19 reduce the distribution of tax proceeds to the General Fund pursuant to
20 subsection (2) of this section by such amount required to fulfill the
21 distribution pursuant to this subdivision; ~~and~~

22 (e) Beginning July 1, 2016, and every fiscal year thereafter, the
23 State Treasurer shall place the equivalent of one million two hundred
24 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.
25 If necessary, the State Treasurer shall reduce the distribution of tax
26 proceeds to the General Fund pursuant to subsection (2) of this section
27 by such amount required to fulfill the distribution pursuant to this
28 subdivision; ~~and~~

29 (f) Beginning October 1, 2024, and every fiscal year thereafter, the
30 State Treasurer shall place the equivalent of one dollar of such tax in
31 the Property Tax Credit Cash Fund; and

1 (g) Beginning October 1, 2024, and every fiscal year thereafter, the
2 State Treasurer shall place the equivalent of fifty cents of such tax in
3 the Medicaid Waiver Cash Fund.

4 (4) If, after distributing the proceeds of such tax pursuant to
5 subsections (2) and (3) of this section, any proceeds of such tax remain,
6 the State Treasurer shall place such remainder in the Nebraska Capital
7 Construction Fund.

8 (5) The Legislature hereby finds and determines that the projects
9 funded from the Building Renewal Allocation Fund are of critical
10 importance to the State of Nebraska. It is the intent of the Legislature
11 that the allocations and appropriations made by the Legislature to such
12 fund not be reduced until all contracts and securities relating to the
13 construction and financing of the projects or portions of the projects
14 funded from such fund are completed or paid, and that until such time any
15 reductions in the cigarette tax rate made by the Legislature shall be
16 simultaneously accompanied by equivalent reductions in the amount
17 dedicated to the General Fund from cigarette tax revenue. Any provision
18 made by the Legislature for distribution of the proceeds of the cigarette
19 tax for projects or programs other than those to (a) the General Fund,
20 (b) the Nebraska Outdoor Recreation Development Cash Fund, (c) the Health
21 and Human Services Cash Fund, (d) the Building Renewal Allocation Fund,
22 (e) the Nebraska Public Safety Communication System Cash Fund, ~~and~~ (f)
23 the Nebraska Health Care Cash Fund, (g) the Property Tax Credit Cash
24 Fund, and (h) the Medicaid Waiver Cash Fund shall not be made a higher
25 priority than or an equal priority to any of the programs or projects
26 specified in subdivisions (a) through (h) ~~(f)~~ of this subsection.

27 Sec. 2. (1) The Medicaid Waiver Cash Fund is hereby created. The
28 fund shall contain the money received pursuant to section 77-2602 and any
29 gifts, grants, or bequests from any source, including federal, state,
30 public, and private sources. The Department of Health and Human Services
31 shall administer the fund and shall use the fund to pay the state portion

1 of the costs of services provided through medicaid waivers.

2 (2) Any money in the Medicaid Waiver Cash Fund available for
3 investment shall be invested by the state investment officer pursuant to
4 the Nebraska Capital Expansion Act and the Nebraska State Funds
5 Investment Act.

6 Sec. 3. Original section 77-2602, Revised Statutes Cumulative
7 Supplement, 2022, is repealed.

8 Sec. 4. Since an emergency exists, this act takes effect when
9 passed and approved according to law.