

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(2,226,000)		
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(2,226,000)		

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

LB 25 amends Nebraska Revised Statutes dealing with the cigarette tax and the tobacco products tax.

Section 77-2602 is amended to change when the special privilege (cigarette) tax is to be paid. Current statute requires the tax to be paid by the stamping agent (wholesaler) prior to or at the time of the sale, gift, or delivery to the retail dealer. LB 25 changes that requirement to state that the stamping agent shall report and pay the tax on the fifteenth day of the month. The amount to be paid shall be based on the agent's taxable sales during the preceding month. In addition, the agent shall not be required to pay the tax at the time they acquire stamps or tax meter impressions. The stamping agent is also required to provide a surety bond or deposit money or other security with the Tax Commissioner to insure payment of the tax.

Section 77-4014 changes the day the tobacco products tax return is to be filed with the Tax Commissioner and the tax to be paid, from the tenth of the month to the fifteenth.

The bill has an operative date of October 1, 2013.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 25:

FY2013-14:	(\$2,226,00)
FY2014-15:	\$0
FY2015-16:	\$0

The Department's estimate approximates the average size of each stamping agent's cigarette stamp purchase order that must be exhausted prior to conversion to the proposed postpaid system. Such a conversion would result in a delay between the consumption of final prepaid stamps and the first postpaid reports that are submitted with payment, therefore the initial loss of revenue.

The Department estimates that the cost to implement LB 25 is expected to be minimal.

We agree with the Department's estimate of fiscal impact and cost.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 25	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 1/23/2013	PHONE: <a href="tel:402.471.4181">402.471.4181</a>
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. It is also assumed that later payment of amounts due for other tobacco products from the 10 <sup>th</sup> of each month to the 15 <sup>th</sup> will cause a small reduction in the interest earnings available to the Tobacco Products Administration Cash Fund, which amounts are ultimately transferred to the General Fund.			

