

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$346,000)		(\$332,000)
CASH FUNDS		(\$95,000)		(\$102,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$441,000)		(\$434,000)

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

LB 950 would amend Nebraska Revised Statutes Sections 77-2604 and 77-4014.

Section 77-2604 is amended to provide for a bad debt reduction of cigarette taxes owed by licensed stamping agent selling at retail.

“Bad debt” is defined as “the taxes attributable to any portion of a debt that is related to the sale of cigarettes subject to tax under Section 77-2602 that is not otherwise deductible or excludable, that has become worthless or uncollectible since the stamping agent filed its most recent report as required. . . .”

A stamping agent claiming a bad debt reduction shall submit the following as evidence of the bad debt:

- A copy of the original invoice;
- Evidence that the cigarettes were delivered to the person who ordered them;
- Evidence the person who ordered and received the cigarettes did not pay the stamping agent and the agent used reasonable collection practices in attempting to collect the debt.

Section 77-4014 is amended to make the same bad debt reduction of taxes, definitions, and evidentiary requirements for tobacco products.

The Department of Revenue estimates the following fiscal impact as a result of LB 950:

Fiscal Year:	General Fund:	Tobacco Products Administration Cash Fund:	Total:
2016-17:	(\$ 346,000)	(\$ 95,000)	(\$ 441,000)
2017-18:	(\$ 332,000)	(\$ 102,000)	(\$ 434,000)
2018-19:	(\$ 321,000)	(\$ 110,000)	(\$ 431,000)

The Department indicates the cost to implement the provisions of LB 950 will be minimal.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 950	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/10/2016	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department of Revenue’s analysis.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 2/9/2016				
Approved by: Tony Fulton		Date Prepared: 2/8/2016				
		Phone: 471-5896				
	FY 2016-2017		FY 2017-2018		FY 2018-2019	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		(\$346,000)		(\$332,000)		(\$321,000)
Cash Funds		(\$95,000)		(\$102,000)		(\$110,000)
Federal Funds						
Other Funds						
Total Funds		(\$441,000)		(\$434,000)		(\$431,000)

LB 950 proposes amending Neb. Rev. Stat. §§ 77-2604 and 77-4014.

Neb. Rev. Stat. § 77-2604 would be amended to allow a bad debt deduction relating to cigarette taxes on the books of the stamping agent as well as evidentiary requirements relating to the deduction. LB 950 Section 1 also defines what is and is not considered a “bad debt” and allows for the stamping agent’s potential liability and remittance of taxes, if received, after claiming a bad debt deduction.

Neb. Rev. Stat. § 77-4014 would be amended to allow a bad debt deduction relating to tobacco product taxes on the books of a licensee, pursuant to Neb. Rev. Stat. § 77-4009, as well as evidentiary requirements relating to the deduction. LB 950 Section 2 also defines what is and is not considered a “bad debt” and allows for the licensee’s potential liability and remittance of taxes, if received, after claiming a bad debt deduction.

It is estimated that LB 950 would reduce revenue to the General Fund and Tobacco Products Administration Cash Fund as follows:

Fiscal Year	General Fund	Tobacco Products Administration Cash Fund	Total
FY 2016-17	\$346,000	\$95,000	\$441,000
FY 2017-18	\$332,000	\$102,000	\$434,000
FY 2018-19	\$321,000	\$110,000	\$431,000

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

Major Objects of Expenditure

Class Code	Classification Title	FTE			Expenditures		
		16-17	17-18	18-19	16-17	17-18	18-19
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
Total.....							