

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	EXPENDITURES	REVENUE	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.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1087	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton	DATE: 2/13/2018	PHONE: <a href="tel:4024714181">402) 471-4181</a>	
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.			

