

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$4,256,000		\$4,508,000
CASH FUNDS		\$79,725,000		\$84,458,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	\$83,981,000	See Below	\$88,966,000

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

LB 745 would change the tax on each package of cigarettes containing not more than 20 cigarettes to \$2.14 from the current \$0.64 per package. \$1.00 of the tax increase would be placed in the Property Tax Credit Cash Fund and the other \$0.50 of the tax increase would be placed into the Medicaid Waiver Cash Fund by the State Treasurer.

The bill also creates the mentioned Medicaid Waiver Cash Fund. The Department of Health and Human Services (DHHS) would administer the fund and would use the fund to pay the state portion of the costs of services provided through Medicaid waivers.

The Department of Revenue (DOR) estimates the following fiscal impact from this bill:

Fiscal Year	General Fund Revenues	Property Tax Credit Cash Fund	Medicaid Waiver Cash Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (Cities and Counties)
FY2023-24	\$ 4,256,000	\$53,045,000	\$26,523,000	\$157,000	\$28,000
FY2024-25	\$ 4,508,000	\$56,184,000	\$28,092,000	\$182,000	\$32,000
FY2025-26	\$ 4,372,000	\$54,488,000	\$27,244,000	\$177,000	\$31,000
FY2026-27	\$ 4,242,000	\$52,866,000	\$26,433,000	\$172,000	\$30,000

There is estimated to be a revenue gain to the State Highway Capital Improvement Fund and to the Highway Allocation Fund, which is distributed to cities and counties. Revenue to the General Fund is due to the increase in sales tax collected on cigarettes.

The DOR estimates minimal costs to implement the bill.

There is no basis to disagree with these estimates by the DOR.

The DHHS estimates a potential need of additional staffing depending on the intended use and requirements of administering the created fund. There is no basis to disagree with this estimate.

The State Treasurer’s Office estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 745	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 745.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 745	AM:	AGENCY/POLT. SUB: Department of Health and Human Services
REVIEWED BY: Neil Sullivan	DATE: 3/21/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Health and Human Services assessment of indeterminate expenditure impact from LB 745. A revenue impact assessment was provided by the Department of Revenue.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 745	AM:	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY: Neil Sullivan	DATE: 3/16/2023	PHONE: (402) 471-4179
COMMENTS: The State Treasurer assessment of no fiscal impact from LB 745 appears reasonable.		

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 3-21-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	See Below		See Below	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB 745 intent is to increase the cigarette tax and provide for the distribution of the proceeds

LB 745 would raise the tax on cigarettes by \$1.50/pack. The revenue from the additional cigarette tax would be deposited as follows:

- 0.50 cents of the revenue from the increase would be deposited into the Medicaid Waiver Cash Fund. LB 745 would create Medicaid Waiver Cash Fund to be administered by the Department of Health and Human Services (DHHS) and would be used to pay the state portion of the costs and services of the Medicaid waiver.
- \$1 of the revenue from the increase would be deposited into the Property Tax Credit Cash Fund

LB 745 would create the Medicaid Waiver Cash Fund which would be administered by DHHS to be used to pay for the state portion of the costs of services provided through the Medicaid Waivers.

The Division of Development Disability (DD) would be impacted by the approval of LB745. The Medicaid Home and Community-Based Services (HCBS) waivers, which are administrated by DD, currently utilize both state and federal funds.

It is unclear how the cigarette tax funds would be used for “the state portion of the costs of services provided through the Medicaid Waivers”.

Depending on the intended use and requirements for administering the new fund, DHHS may require additional staffing.

As the intention of LB 745 is not clearly defined, the complete financial impact is undeterminable.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2023-2024	2024-2025
	POSITION TITLE	23-24	24-25	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				





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**2023**

**LB<sup>(1)</sup> 745**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> January 27, 2023 Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The State Treasurer's Office doesn't expect any fiscal impact from LB 745 to the office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____