

Senator Mike Gloor, LB 1013, 2016

**What does LB 1013 do and by how much:**

*Cigarette tax Increase of \$1.50 to a total of \$2.14 per pack*

The amount to the General Fund remains the same as it is now (49 cents)

Tobacco products increase of 11 % to 31% of wholesale

*Estimated revenue: \$120 million from cigarette tax, \$4.5 million from tobacco products.*

Distribution of new revenue:

- ***\$45 million to the Property Tax Credit Fund***
- ***\$45 million to the Dept. of Revenue for the personal property tax exemption***
- ***\$30 million to the Health Care Cash Fund for health-related items***

From the Health Care Cash Fund: (in addition to any amount they may already receive)

- \$ 1M to Tobacco Cessation and Prevention
- \$ 3M to Federally Qualified Health Centers
- \$ 6M to Public Health Districts
- \$ 1.5M to EMS and firefighter training and recruitment
- \$ 2M to behavioral health provider rate stabilization
- \$ 500,000 to the Health Care Services Transformation Fund/Act (LB 549)
- \$ 1M to Area Health Education Centers
- \$ 4M to College of Public Health
- \$ 10M to Cancer and smoking related illness through the biomedical research program
- \$ 1M to Behavioral Health Education Centers of Nebraska

The revenue generated by an increase in tobacco products would go to the Tobacco Products Administration Cash Fund and most likely lapse to the General Fund as the current carry over does.

# Statistics related to smoking cigarettes

Estimates based on historic projections of the American Cancer Society and the Campaign for Tobacco Free Kids

Annual health care costs in Nebraska directly caused by smoking: \$795 Million

Portion of that covered by Nebraska Medicaid: \$162.3 Million

5-year Nebraska Medicaid program savings: 1.87 Million

Long-term health care cost savings from adult and youth smoking decline: \$493.44 Million

5-year reduction in the number of smoking affected pregnancies and births: 2900

5-year health care cost savings from fewer smoking-cause lung cancer cases: \$2.14 M

5-year health care cost savings from fewer smoking-affected pregnancies and births: \$6.97 M

5-year health care cost savings from fewer smoking-caused heart attacks and strokes: \$4.36

Percentage of adults in Nebraska who smoke: 18.5% (261,700)

Number of adult Nebraskans who die each year from smoking in Nebraska: 2500

Current adult smokers who would quit: 12,300

Premature smoking-caused deaths prevented: 7,000

Nebraska high school students who smoke: 10.9% (11,000)

Number of youth that start smoking each day: 1,800

Nebraskans currently under 18 who will be at risk in adulthood of premature death due to smoking: 38,000

Percentage decrease in youth smoking with \$1.50 increase: 17.3%

**Nebraska youth who will avoid becoming a smoker with the tax increase: 12,100**

*Current state ranking: 40<sup>th</sup> out of 50*

*Last Nebraska increase was in 2002 – 14 years ago*

*At \$2.14 per pack tax: 13<sup>th</sup> out of 50*

Current highest state+local cigarette tax rate is \$6.16 in Chicago, New York is \$5.85 per pack.