



February 7, 2024

The Honorable Lou Ann Linehan, Chairperson  
The Honorable Brad von Gillern, Vice Chairperson  
Nebraska Revenue Committee

Dear Chairperson Linehan, Vice Chairperson Gillern, and the members of the Nebraska Revenue Committee,

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to share our opposition to Legislative Bill 1299. This bill would change the existing tax on electronic nicotine delivery systems to a 20% tax on the wholesale price — a drastic doubling of the existing 10% tax.

It is clear that electronic delivery systems, or vapor products, are innovative solutions for smokers transitioning toward significantly less harmful alternatives. As you probably know, vapor products do not contain tobacco. They include nicotine without the toxic chemicals found in traditional tobacco products intended for smoking. It is very concerning that this bill would consider increasing the tax by twofold, particularly when one considers the current rate of 10%, which just recently went into effect in January 2024, leaving little time to understand the ramifications of this already new policy.

Promoting healthy, smoke-free lives and preventing disease should be the top priority. Unfortunately, the passage of LB 1299 will sadly have the opposite effect. This legislation would severely double down on limiting the accessibility of these alternative nicotine products to lower- and middle-income residents. Imposing excessive taxes on smoke-free alternatives eliminates an economic incentive for consumers to choose a less harmful option.

This bill does a disservice to public health, could potentially create a black market for unregulated use and distribution, and will require consumers to pay more for safer alternatives. Unnecessarily opening the door to an illicit market, essentially encouraging individuals to purchase products from questionable sources, exposes them to more significant risks.

Finally, this bill will affect small business owners in your state who may see declining sales revenue as consumers look elsewhere to purchase vaping products. Your neighboring states of Iowa and Missouri do not tax vapor products; only your neighboring state of Colorado taxes at a higher rate than the proposed 20%. Consumers struggling with addiction will likely seek

products that skirt the state's taxing and regulatory authority should this bill become law, harming business owners.

National Taxpayers Union strongly believes LB 1299 will harm Nebraskans as they try to promote healthy lives and help those who struggle with smoking addictions. We urge you to stand with taxpayers and those trying to afford healthier alternatives to smoking and reject government overreach and tax increases.

Sincerely,

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