

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2026 Legislative Session

## ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW

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

LB 677 amends the Nebraska Medical Cannabis Regulation Act (Act) as a result of Initiative Law 2024, No. 438. Under the bill, subject to the requirements of the Act, a qualified patient or registered caregiver shall not be subject to citation, arrest, prosecution, or penalty in any manner, or denied any right or privilege, including, but not limited to, any civil penalty or disciplinary action by a court or occupational or professional licensing board, for engaging in conduct protected by section 46 of the bill. Under section 46, a qualified patient may use, possess, and acquire an allowable amount of cannabis and cannabis accessories for the alleviation of a qualifying medical condition. A registered caregiver may assist a qualified patient with these activities by possessing and acquiring an allowable amount of cannabis and cannabis accessories on behalf of the qualified patient, delivering an allowable amount of cannabis and cannabis accessories to the qualified patient, and providing assistance in administering or consuming such cannabis. Conduct by the Act shall not be subject to the Uniform Controlled Substances Act.

Before an individual enrolls in the registry program under the bill, as a qualified patient, the individual shall receive a written recommendation from a health care practitioner.

The Nebraska Medical Cannabis Commission (NMCC) shall establish and maintain a registry program for qualified patients and registered caregivers. An individual may apply to the NMCC to be enrolled in the registry program as a qualified patient by submitting an application to the NMCC in the form and manner prescribed by the NMCC. The application shall be accompanied by a fee in an amount determined by the NMCC, not to exceed \$45. Enrollment in the registry program as a qualified patient shall be valid for a period of 2 years. A qualified patient may renew such registration by submitting a renewal application in a form and manner prescribed by the NMCC within 90 days before the registration will expire. The application shall be accompanied by a fee in an amount determined by the NMCC, not to exceed \$45, and by a written recommendation dated within 90 days preceding the date the application is submitted.

A person may apply to the NMCC to be enrolled in the registry program as a registered caregiver by submitting an application to the NMCC in the form and manner prescribed by the NMCC. No fee is outlined in the bill for the application of registered caregivers.

Upon granting an application, the NMCC shall issue the qualified patient or registered caregiver a registry card or renew such card.

If a qualified patient or registered caregiver is no longer entitled to possess cannabis under the Act, the qualified patient or registered caregiver shall meet the specified requirements, within 10 days after becoming ineligible. The bill specifies what shall be done regarding any cannabis that had been in the qualified patient's or registered caregiver's possession.

If cannabis belonging to a qualified patient or registered caregiver is stolen or lost, the qualified patient or registered caregiver shall notify NMCC within 5 days after learning of such theft or loss.

Under the bill, for the purposes of providing the necessary licensure and regulation of persons that possess, cultivate, process, manufacture, distribute, transport, sell, and test cannabis for medical purposes pursuant to the Act, the NMCC is created. The Commission shall consist of no fewer than 3 and no more than 5 members. The 3 members of the Nebraska Liquor Control Commission (NLCC) shall be ex officio members of the NMCC, serving terms and receiving appointment in the same manner as provided in section 53-105. The Governor may appoint 2 additional members, subject to confirmation by a majority of the members elected to the Legislature, to serve with the members of the NLCC as members of the NMCC.

The Commission shall have an executive director, to be appointed by NMCC. The executive director of the NLCC may also serve as the executive director of the NMCC, or the NMCC may appoint a separate individual to serve as its executive director. If the NMCC appoints a separate individual, such appointment shall be subject to the approval of the Governor. The salary of the executive director shall be fixed by the NMCC and payable monthly.

Before entering upon the duties of office, each commissioner and the executive director shall be bonded or insured as required by section 11-201. The premium shall be paid by the State of Nebraska out of the General Fund.

The NMCC may, with the advice and approval of the Governor, appoint or employ such clerks and other employees as may be necessary to carry out the Act or to perform the duties and exercise the powers conferred by law upon the NMCC. Employees of the NMCC who are accountable for public funds

shall be bonded or insured as required by section 11-201 to secure the safety of such funds. The premium shall be paid by the State of Nebraska out of the General Fund.

The commissioners, the executive director of the NMCC, and all employees of the NMCC shall be reimbursed for expenses incurred in the discharge of their official duties as provided in section 81-1174 to 81-1177. The NMCC may also incur necessary expenses for office furniture and other incidental expenses. No commissioner, executive director, or employee of the NMCC shall request or be allowed mileage or other traveling expenses unless such sections are strictly complied with.

The office of the NMCC shall be in Lincoln, but the NMCC may, with the approval of the Governor, establish and maintain branch offices at places other than the seat of government.

The Attorney General shall designate an assistant attorney general or assistant attorneys general, when requested by the NMCC and directed by the Governor, and the services of such assistant attorney general or attorneys general shall be available to the NMCC whenever demanded. The compensation of such assistant attorney general or assistant attorneys general as are assigned to the NMCC shall be paid by the office of the Attorney General.

On or before January 1, 2027 and annually thereafter, the NMCC shall publish a report of its actions during the preceding year, including a comprehensive description of its activities and including the number of licensees of each class issued; enforcement actions in which fines, suspensions, revocations, or other disciplinary sanctions were issued; and a statement of revenue and expenses of the NMCC.

The NMCC and the Department of Agriculture, Department of Revenue (DOR), and Department of Health and Human Services (DHHS) shall work collaboratively in furtherance of the intent of the Act and to ensure that the cultivation, processing, manufacture, distribution, transportation, testing, and sale of cannabis in the state is conducted in accordance with the Act.

On or before October 1, 2025, the NMCC shall adopt and promulgate rules and regulations necessary for the proper regulation and control of the cultivation, processing, manufacture, distribution, transportation, sale, and testing of cannabis and for the enforcement of the Act. The bill specifies what such rules and regulations shall include, but not be limited to.

On and after October 1, 2025, the NMCC may adopt and promulgate rules and regulations necessary to carry out the Act.

The NMCC may develop such forms, applications, and other documentation as are necessary or convenient in the discretion of the NMCC for the administration of the Act or any rules and regulations adopted and promulgated thereunder.

The NMCC shall provide without charge to any licensee a copy of the Act, and rules and regulations adopted and promulgated thereunder, and any other information which the NMCC deems important in the area of cannabis control in the State of Nebraska. The information may be printed in a booklet, a pamphlet, or any other form the NMCC may determine to be appropriate. The NMCC may update such material as often as it deems necessary. The NMCC may provide such material to any other person upon request and may charge a fee for the material. The fee shall be reasonable and shall not exceed any reasonable or necessary costs of producing the material for distribution.

The NMCC may request the State Fire Marshal to inspect any licensed premises or premises for which a license is sought for fire safety pursuant to section 81-502. The State Fire Marshal shall assess a fee for such inspection pursuant to section 81-505.01 payable by such licensee or applicant. The State Fire Marshal may delegate the authority to make such inspections to qualified local fire prevention personnel pursuant to section 81-502.

The Medical Cannabis Control Fund is created. The fund shall consist of all fees, gifts, grants, and other money, excluding fines and civil penalties, received or collected by the NMCC under the Act. The NMCC shall use the fund for the administration and enforcement of the Act. The fund may be used to cover any such administrative or enforcement costs, including, but not limited to salary and benefits; expenses incurred by the NMCC in producing or distributing the forms, materials, and other documentation required by the Act; costs of equipment needed to enforce the act; and costs associated with electronic regulatory transactions, industry education events, and enforcement training. Transfers may be made from the fund to the General Fund at the direction of the Legislature. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Subject to the requirements of the Act, it shall not be an offense under state law for a licensee, its employees, and its agents to possess, cultivate, process, manufacture, distribute, transport, sell, and test cannabis for medical purposes, provided such conduct complies with applicable rules and regulations adopted and promulgated by the NMCC pursuant to the Act. Conduct protected by the Act shall not be subject to the Uniform Controlled Substances Act.

There shall be the following classes of licenses under the Act:

- Cultivator
- Dispensary
- Products manufacturer
- Testing facility
- Transporter
- Vertical license

The NMCC may issue a vertical license that authorizes the licensee to operate an integrated medical cannabis business. Each vertical license shall allow the licensee to operate:

- 4 dispensary licenses, with no more than two per congressional district
- One products manufacturer license
- One cultivation license

Until January 1, 2030, the NMCC shall not issue more than 5 vertical licenses statewide.

In addition to any dispensary, products manufacturer, and cultivation licenses issued as part of a vertical license, until January 1, 2030, the NMCC may issue the following licenses, subject to the following limits:

- 10 dispensary licenses
- 5 cultivator licenses

- 5 product manufacturer licenses
- 5 testing facility licenses

The NMCC may issue transporter licenses, and there shall be no limit on the number of such licenses issued.

An applicant for a vertical license shall only be required to pay a single licensing fee (under section 95 of the bill). However, each sublicense shall be separately subject to discipline and shall be subject to the approval and issuance process and local oversight provided in sections 90 to 113 of the bill.

Beginning January 1, 2026, a person may apply for a license under the Act.

An applicant for initial issuance shall submit 2 legible sets of fingerprints to be furnished to the Federal Bureau of Investigation through the Nebraska State Patrol for a national criminal history record check and the fee for such record check payable to the patrol. The applicant shall authorize release of the national criminal history record check to the NMCC. The NMCC may require an applicant for renewal to comply with the fingerprint requirements when there is a demonstrated investigative need.

Until January 1, 2030, the NMCC shall not issue or renew a license unless at least 51% of the ownership of the applicant is comprised of natural persons who have been residents of Nebraska for at least 2 years and it shall be unlawful to operate as a licensee unless at least 51% of the ownership of the licensee is comprised of natural persons who have been residents of Nebraska for at least 2 years.

An application for initial issuance of a license shall be accompanied by a fee in the following amount:

- Vertical License: \$100,000
- Cultivator License: \$25,000
- Products Manufacturers License: \$20,000
- Dispensary License: \$25,000
- Transporter License: \$5,000
- Testing Facility License: \$25,000

An application for renewal of a license shall be accompanied by a fee of \$5,000.

Application fees paid to the NMCC shall be credited to the Medical Cannabis Control Fund.

The NMCC may at any time require a licensee to submit an application. Upon written request by the local governing body, the NMCC shall require a licensee to submit an application.

A license is valid for a period of 2 years after the date of issuance unless revoked or suspended pursuant to the Act or the rules and regulations adopted and promulgated thereunder.

A license is not transferable without approval of the NMCC. A license shall not be transferred during the first 2 years of its issuance. An application for transfer of ownership of a license shall be:

- In the form and manner required by the NMCC
- Accompanied by a nonrefundable fee of \$10,000
- Verified by oath or affirmation of the persons prescribed by the NMCC

A licensee shall not relocate the licensed premises from the place specified in the license without approval of the NMCC. An application for relocation of a licensed premises shall be:

- In the form and manner required by the NMCC
- Accompanied by a nonrefundable fee of \$1,000
- Verified by oath or affirmation of the persons prescribed by the NMCC

Upon the completion of any hearing held regarding discipline of a license, the director may dismiss the action or impose any of the following sanctions:

- Censure
- Probation
- Limitation
- Civil penalty
- Suspension for up to 6 months
- Seizure of cannabis that is the subject of a violation of the Act
- Revocation

Any order or decision by the NMCC granting or denying issuance or renewal of a license, a request to transfer ownership of a license, or a request to relocate a licensed premises; suspending, revoking, or imposing another sanction against a licensee; or refusing to suspend, revoke, or impose another sanction against a licensee may be appealed. The appeal shall be in accordance with the Administrative Procedure Act.

A local governing body shall be able to impose an occupation tax on a licensee, not to exceed an annual limit of the greater of \$5,000 or 2% of the licensee's gross receipts.

On or before January 1, 2026 the NMCC shall develop a statewide track and trace system that is capable of tracking and tracing information concerning cannabis cultivated, processed, manufactured, distributed, transported, sold, tested, or disposed of in this state by all licensees. Each licensee shall, in accordance with the NMCC's rules and regulations, use a seed-to-sale tracking system. Any such system shall be approved by the NMCC before use.

The bill amends the Nebraska Liquor Control Act to harmonize provisions in the bill.

The bill amends section 60-6,211.08 to change the term open alcoholic beverage container to open container and contain cannabis under the definition. Provisions are changed under this section to include cannabis to what is unlawful connected to public parking areas and highways in the state.

The bill amends the Nebraska Clean Indoor Air Act to include cannabis in the definition of smoke or smoking.

The bill provides for sales tax at a rate of 4% for sales of cannabis by dispensaries to qualified patients and registered caregivers. The proceeds from the sales tax on the sale of cannabis by dispensaries to qualified patients and registered caregivers are to be credited to the School District Property Tax Relief Credit Fund.

The bill removes those lawfully in possession of cannabis under the Nebraska Medical Cannabis Patient Protection Act or the Nebraska Medical Cannabis Regulation Act from the tax on marijuana and controlled substances under section 77-4303.

The bill amends the Nebraska Pure Food Act to add that edible cannabis products sold under the Nebraska Medical Cannabis Regulation Act are subject to the Nebraska Pure Food Act to the same extent as other items of food.

Sections 28-463 through 28-469 are outright repealed which terminated on October 1, 2019.

Sections 2 and 6 of Initiative Law 2024, No. 438, are outright repealed.

The bill contains the emergency clause.

**Revenues:**

The DOR estimates the following revenue increase to the School District Property Tax Relief Credit Fund from the 4% sales tax rate:

- FY27: \$817,000
- FY28: \$3,185,000
- FY29: \$4,139,000

These revenue increases could be delayed depending on when the DOR completes the necessary IT changes, discussed in the expenditures section below, from the change in sales tax rate as a result of this bill.

NLCC revenue from licensing fee revenues are assumed to be moved a year forward from the original fiscal note to begin in FY27 and renewal fee revenues are assumed to be moved a year forward from the original fiscal note to begin in FY29. These fees would be credited to the Medical Cannabis Control Fund. We estimate additional applications for licenses in FY28, which would add to revenue received for licensing. Additionally, the bill outlines a fee of no more than \$45 for qualified patients for applications to the NMCC's registry, which would add revenue to NLCC's fiscal note estimate into the Medical Cannabis Control Fund.

The Nebraska State Patrol (NSP) estimates increases to the Nebraska State Patrol Cash Fund as a result of fees charged for background checks under the bill. NSP also estimates revenue decreases to their Drug Control and Education Cash Fund of \$30,000 per fiscal year as a result of excluding those lawfully in possession of cannabis as a result of the Nebraska Medical Cannabis Patient Protection Act and the Nebraska Medical Cannabis Regulation Act from the tax under section 77-4303 with a corresponding increase to General Fund and decrease to Cash Fund appropriations to cover agency expenses. We estimate minimal revenue losses to the Department of Revenue's Marijuana and Controlled Substances Tax Administration Fund as well as revenue losses to counties as a result of this tax change.

**Expenditures:**

The DOR estimates a programming charge of \$1,000,000 in FY27, \$1,300,000 in FY28, and \$1,382,980 in FY29 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe and web development. Ongoing maintenance costs to be paid to the OCIO are estimated by the DOR to be \$736,596 annually. The DOR estimates the need to hire 2.5 FTE Revenue Agents, 1.0 FTE IT Application Developer-Senior, and 1.0 FTE IT Business Systems Analyst-Coordinator to implement the bill. There is no basis to disagree with these estimates.

NLCC estimates expenditures based upon the assumption that the NMCC would work in tandem with the NLCC. NLCC estimates personal service limit (PSL) expenditures to mirror NLCC PSL with connected benefits expenditures and the need for 5 sworn officers to implement the bill. NLCC also estimates operating and IT expenses. It is unclear from the language in the bill, if the NMCC is a stand-alone agency or housed administratively under the Nebraska Liquor Control Commission. Thus, if NMCC is a stand-alone agency, expenditures would be higher than those estimated if the NLCC works in tandem with the NMCC.

NSP estimates costs for equipment, supplies, and other operational expenses as well as for 4.0 FTE Office Specialists, 2.0 FTE Administrative Technicians, 1.0 FTE Forensic Technician, 4.0 FTE Forensic Scientist I, and 1.0 FTE Forensic Lab Supervisor beginning in FY27. NSP estimates General Fund expenditures to the extent Cash Fund revenue estimates do not cover the expenditures as a result of this bill. There is no basis to disagree with this estimate.

The Department of Agriculture estimates an indeterminate impact to it from possible complaints filed pertaining to responsibilities of the Department of Agriculture under the Pure Food Act. There is no basis to disagree with this estimate.

The Attorney General's Office estimates the need for 1.0 FTE Assistant Attorney General as a result of this bill. There is no basis to disagree with this estimate.

The State Fire Marshal estimates the need for 1.0 FTE Deputy State Fire Marshal as well as initial operating costs as a result of the bill. There is no basis to disagree with this estimate.

The Lancaster County Sheriff's Office estimates an indeterminate cost to implementing the bill but also an estimate for an additional 17 officers/deputies for enforcement.

The Lancaster County Clerk estimates an indeterminate impact but notes that the office may need to hire additional staff or require staff overtime as a result of the bill.

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

Attorney General

Prepared by: <sup>(3)</sup> Darrin Schultz Date Prepared: <sup>(4)</sup> 12-5-25 Phone: <sup>(5)</sup> 402-471-2687

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

	<b><u>FY 2026-27</u></b>		<b><u>FY 2027-28</u></b>	
	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>
GENERAL FUNDS	<u>144,298</u>		<u>147,752</u>	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>144,298</u>		<u>147,752</u>	

**Explanation of Estimate:**

Section 87 of LB677 requires the Attorney General to designate and pay for an assistant attorney general to provide services for the Nebraska Medical Cannabis Commission. This role will help establish the commission during its first year, assist in promulgating the Medical Cannabis Regulation Act's initial rules and regulations, and have ongoing monthly licensing and enforcement obligations. The Attorney General does not currently have sufficient attorney staff to absorb these new duties and would be required to hire an additional assistant attorney general (one FTE attorney) to perform services for the Commission.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:	NUMBER OF POSITIONS	2026-27	2027-28
POSITION TITLE	<u>26-27</u>	<u>27-28</u>	<b><u>EXPENDITURES</u></b>
Assistant Attorney General	<u>1.0</u>	<u>1.0</u>	<u>100,000</u>
Benefits.....			<u>44,298</u>
Operating.....			<u>44,752</u>
Travel.....			
Capital outlay.....			
Aid.....			
Capital improvements.....			
<b>TOTAL.....</b>			<b><u>144,298</u></b>
			<b><u>147,752</u></b>

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

Nebraska Department of Correctional Services

Prepared by: <sup>(3)</sup> Lisa Stanton Date Prepared: <sup>(4)</sup> 11/24/2025 Phone: <sup>(5)</sup> (402)479-5702

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

	<b>FY 2026-27</b>		<b>FY 2026-27</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

**Explanation of Estimate:**

NDCS estimates no fiscal impact as a result of LB677.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

<b>Personal Services:</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27</b>	<b>2027-28</b>	
	<b>POSITION TITLE</b>	<b>26-27</b>	<b>27-28</b>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Benefits.....	_____	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____	_____

Please complete **ALL (5)** blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

Department of Agriculture

Prepared by: <sup>(3)</sup> Kevin Shearman

Date Prepared: <sup>(4)</sup> 11/24/2025

Phone: <sup>(5)</sup> 402-580-1451

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

	<u>FY 2026-27</u> <u>EXPENDITURES</u>	<u>REVENUE</u>	<u>FY 2026-27</u> <u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

Per §81-2,245.01 (11), an establishment selling medicinal cannabis would not typically require permitting or routine inspections under the Pure Food Act. Any fiscal impact due to complaints filed pertaining to other responsibilities of the Department under the Pure Food Act is indeterminable.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

	<b>NUMBER OF POSITIONS</b>		<b>2026-27</b> <u>EXPENDITURES</u>	<b>2027-28</b> <u>EXPENDITURES</u>
	<u>POSITION TITLE</u>	<u>26-27</u>	<u>27-28</u>	
Personal Services.....	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

State Fire Marshal

Prepared by: <sup>(3)</sup> Regina Shields/Deb Hostetler

Date Prepared: <sup>(4)</sup> 12/3/2025

Phone: <sup>(5)</sup> 471-9477

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

	<u>FY 2026-27</u>	<u>REVENUE</u>	<u>FY 2027-28</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>170,000</u>	_____	<u>138,000</u>	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b><u>170,000</u></b>	_____	<b><u>138,000</u></b>	_____

**Explanation of Estimate:**

The State Fire Marshal Agency will be required to conduct a variety of inspections regarding the new industry established in LB 677. It is not possible to determine the exact number of inspections that will be required but the inspection of these facilities will require a new inspection duty assigned to the Agency staff.

These inspections will include the use of a new code specifically designed to regulate the types of activities necessary for this new industry. The Agency will have one additional new Deputy who will require specialized training and expertise to work on the new inspection requests received. There will be initial set up costs during the first year such as all essential equipment, uniforms, vehicles, in addition to salary and benefits for this position. There will be extra travel costs associated to allow the new FTE to either complete or help other deputies complete the inspections. The cost for additional code books for all the deputy inspectors was also factored in.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:	NUMBER OF POSITIONS		<u>2026-27</u>	<u>2027-28</u>
POSITION TITLE	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Deputy State Fire Marshal	<u>1</u>	<u>1</u>	<u>55,045</u>	<u>60,700</u>
Benefits.....			<u>38,827</u>	<u>41,183</u>
Operating.....			<u>50,328</u>	<u>10,317</u>
Travel.....			<u>25,800</u>	<u>25,800</u>
Capital outlay.....				
Aid.....				
Capital improvements.....				

**TOTAL.....**

170,000

138,000

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County, Nebraska

Prepared by: <sup>(3)</sup> Dennis Meyer Date Prepared: <sup>(4)</sup> 12/5/2025 Phone: <sup>(5)</sup> 402-441-6869

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

	<u>FY 2025-26</u>	<u>REVENUE</u>	<u>FY 2026-27</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

The fiscal impact of LB677 on Lancaster County is minimal. The county would likely only see the commission from the collection of the licensing fees collected from businesses operating under the Nebraska Medical Cannabis Regulation Act within County jurisdiction.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:	POSITION TITLE	NUMBER OF POSITIONS <u>25-26</u>	2025-26 <u>EXPENDITURES</u>	2026-27 <u>EXPENDITURES</u>
	_____	_____	_____	_____
	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County Clerk

Prepared by: <sup>(3)</sup> Matt Hansen Date Prepared: <sup>(4)</sup> 12-8-25 Phone: <sup>(5)</sup> 402-441-7481

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

	<u>FY 2026-27</u>		<u>FY 2027-28</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>	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>

**Explanation of Estimate:**

At the present time there are too many variables to determine the fiscal cost this bill will have on the Lancaster County Clerk's Office. We have no way of estimating how many licenses will be issued in Lancaster County.

The duties of county clerks under this bill are similar to the duties for liquor and tobacco licenses. There are currently 10 tobacco licensees and 20 liquor licensees under Lancaster County's purview. If a similar number of applicants were to apply, the office may need to hire additional staff or require staff overtime. Public hearings with significant amounts of testimony and documentation often require our staff to utilize overtime to process the documentation within the statutory deadlines. Staff time to coordinate annual renewals would also increase.

As drafted, the State Treasurer credits the application fees to "Medical Cannabis Control Fund". Allowing the State Treasurer to credit some these fees to the county general fund could offset the costs of this bill.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

<b>Personal Services:</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27</b>	<b>2027-28</b>
	<u>POSITION TITLE</u>	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

Lancaster County Department of Corrections

Prepared by: <sup>(3)</sup> Lt. Joe Anderson Date Prepared: <sup>(4)</sup> Dec. 5, 2025 Phone: <sup>(5)</sup> (402) 441-1919

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

	<u>FY 2026-27</u>	<u>REVENUE</u>	<u>FY 2027-28</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

Explanation of Estimate:

No Fiscal Impact

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

<b>Personal Services:</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27</b>	<b>2027-28</b>	
	<b>POSITION TITLE</b>	<b>26-27</b>	<b>27-28</b>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Benefits.....	_____	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

Lancaster County Treasurer

Prepared by: <sup>(3)</sup> Rachel Garver Date Prepared: <sup>(4)</sup> Dec. 5, 2025 Phone: <sup>(5)</sup> 402-441-7425

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

	<u>FY 2026-27</u>	<u>REVENUE</u>	<u>FY 2027-28</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>		<u>0</u>	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>0</u>		<u>0</u>	

**Explanation of Estimate:**

No Fiscal Impact for the County Treasurer's Office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677 as introduced**

**FISCAL NOTE**

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

Lancaster County Sheriff's Office

Prepared by: <sup>(3)</sup> Sheriff Terry Wagner

Date Prepared: <sup>(4)</sup> 12/9/2025

Phone: <sup>(5)</sup> 4024416500

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

	<u>FY 2026-27</u>	<u>REVENUE</u>	<u>FY 2027-28</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>unknown</u>	_____	_____	_____

**Explanation of Estimate:**

There is no way to estimate the cost of implementing this bill because of the vast number of variables. Currently, 17 Officers and deputies (Joint task force) conduct narcotics enforcement in Lancaster County. Violations of the marijuana laws are mainly for possession and delivery (sales). The way LB 677 is written, a group of at least 17 would be required to enforce the hundreds of regulations in the bill. I would guess narcotics enforcement would probably double to enforce the provisions of LB 677.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27</b>	<b>2027-28</b>
	<b>26-27</b>	<b>27-28</b>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

**Please complete ALL (5) blanks in the first three lines.**

2026

LB<sub>(1)</sub> 677

## **FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Liquor Control Commission

**Prepared by:** (3) Micah Chaffee      **Date Prepared:** (4) 12/5/2025      **Phone:** (5) 402-471-2574

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

	<u><b>FY 2026-27</b></u>		<u><b>FY 2027-28</b></u>
	<u><b>EXPENDITURES</b></u>	<u><b>REVENUE</b></u>	<u><b>EXPENDITURES</b></u>
<b>GENERAL FUNDS</b>	_____	_____	_____
<b>CASH FUNDS</b>	<b>5,656,818</b>	<b>1,350,000</b>	<b>4,430,440</b>
<b>FEDERAL FUNDS</b>	_____	_____	_____
<b>OTHER FUNDS</b>	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>5,656,818</b>	<b>1,350,000</b>	<b>4,430,440</b>

### Explanation of Estimate:

LB 677 creates a separate commission called the Nebraska Medical Cannabis Commission. The Liquor Control Commission assumes the Nebraska Medical Cannabis Commission would work in tandem with the Nebraska Liquor Control Commission for base office staples such as copiers, front desk phone support, supply cabinets, and hearing room for administrative hearings. There is no excise tax revenue projection included in this fiscal note due to many unknown variables such as qualified medical conditions, no history of volume of sales, no history of gross receipts. In addition, LB 677 does not include any mechanism for excise tax and collection, only a sales/use tax. The sales tax rate is 4% tax collected for sales of cannabis by dispensaries to qualified patients and registered caregivers. Liquor Control Commission would assume this sales tax to be collected by the Department of Revenue and their reporting.

Licensing fees in LB 677 are outlined as follows for a 2-year license period. License fees are the only revenue identified in LB 677 the Commission will collect. Assuming licenses are issued 1/1/26, renewal fee revenue would not be collected until 2028 because of a 2-year license period.

- Cultivator license, \$25,000/2 years, 5 locations, \$125,000
- Dispensary license, \$25,000/2 years, 10 locations, \$250,000
- Product Manufacturer license, \$20,000/2 years, 5 locations, \$100,000
- Testing facility license, \$25,000/2 years, 5 locations, \$125,000
- Transporter license, \$5,000/2 years, 50, \$250,000
- Vertical license, \$100,000/2 years, 5 locations, \$500,000
- Total first-time license fee revenue, \$1,350,000, to be deposited into the Medical Cannabis Control Fund.
- Renewal revenue of same licenses is outlined in LB 677 is \$5,000 per license, Assuming the same total of licenses outlined in this fiscal note, renewal revenue would be \$400,000. This will be collected in FY 2027-2028 for all license types. It is unclear where renewal revenue should be deposited.

Medical Marijuana cards can be issued for qualifying medical conditions. Since no fee is outlined in LB 677 for issuance of those cards to patients and caregivers, no revenue is estimated.

Expenditures are outlined to be expended from the Medical Cannabis Control Fund. Expenditures estimated for implementation of LB 677 is as follows:

PSL to mirror Liquor Commission, \$1,100,000 (psl)

PSL related expenditures, \$903,718 (benefits)

General agency expenditures, \$350,000 (operating)

Rent Expense at SOB, \$54,000 (operating)

Annual Hosting & Maintenance of Cannabis Licensing Software, \$100,000 (operating)  
 PSL for Sworn Officers for Cannabis Enforcement, 5 officers, \$120,000/year, \$600,000 (psl)  
 Expenditures for Sworn Officers, \$40,000 each for auto, investigative equipment, travel, gear, 5 officers, \$200,000 (operating)  
 Annual Medical Cannabis Licensing, \$600,000 (operating, paid annually) Annual subscription cost for a Seed to Sale system, \$400,000 (operating)  
 Annual printing, supplies, software for printing medical cards, \$250,000 1st FY, \$150,000 2nd FY (operating)  
 Total Annual Expenditures are \$4,466,818 FY 2025-2026. The second fiscal year is lower due to removing one-time expenditures and anticipating lower amount of medical card printing expenses. PSL/benefits account for a 3.25% increase as anticipated in NAPE contract negotiations.  
 One-time Expenditures for implementation of LB 677 is as follows:  
 Cubicles/Desks/Laptops/Monitors, \$30,000 (capital outlay)  
 Additional Users/Configuration for Medical-specific functionality of licensing software, \$150,000 (operating)  
 Subject matter expert consultant to assist with creating rules and regulations, \$350,000 (operating)  
 Expenses for consultant (travel, room, board, meals), \$60,000 (travel) Implementation Fee for Medical Cannabis Licensing, \$600,000 (operating)  
 Total one-time expenditures are \$1,190,000.  
 The Seed to Sale Tracking Software estimates were provided by an industry standard software company operating in over 20 states.

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**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

<b>Personal Services:</b>		<b>NUMBER OF POSITIONS</b>		<b>2025-26</b>	<b>2026-27</b>
<b>POSITION TITLE</b>		<b>25-26</b>	<b>26-27</b>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Administrative Specialist		6	6	250,000	258,125
Accountant I		2	2	110,000	113,575
Fiscal Compliance Analyst		3	3	175,000	180,688
Training Specialist	*	1	1	47,840	49,395
Training Coordinator		1	1	54,080	55,838
Compliance Administrator/Deputy Director		1	1	105,000	108,413
Executive Director		1	1	168,080	173,543
Administrative Programs Officer		3	3	190,000	196,175
Sworn Officers		5	5	600,000	619,500
Benefits.....				812,818	821,188
Operating.....				3,054,000	1,854,000
Travel.....				60,000	
Capital outlay.....				30,000	
Aid.....					
Capital improvements.....					
<b>TOTAL.....</b>				<b>5,656,818</b>	<b>4,430,440</b>

# LB 677 – Update for 2026 Session

Fiscal Note 2026

## State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:	
Approved by: James R. Kamm	Date Prepared: 12/02/2025	Phone: 471-5896	
	FY 2026-2027	FY 2027-2028	FY 2028-2029
	Expenditures	Revenue	Expenditures
General Funds	\$1,381,700	\$1,668,300	\$1,751,280
Cash Funds	\$817,000	\$3,185,000	\$4,139,000
Federal Funds			
Other Funds			
Total Funds	\$1,381,700	\$1,668,300	\$1,751,280
			\$4,139,000

LB 677 is a bill to change the provisions of the Nebraska Medical Cannabis Regulation Act (Act) and to provide for regulation of medical cannabis.

LB 677 proposes the following key provisions related to medical cannabis regulation and taxation:

- Imposes a 4% sales tax on medical cannabis dispensary transactions to qualified patients and caregivers.
- Clarifies that bundled transactions do not include retail sales of medical supplies as defined in section 77-2704.09.
- Refines the definition of a drug, explicitly excluding cannabis obtained under this Act.
- Directs all sales and use tax revenue collected from cannabis sales to be credited to the School District Property Tax Credit Fund.
- Imposes a tax on marijuana and controlled substances, while exempting cannabis lawfully possessed under this Act from such taxation.

LB 677 allows for 6 classes of licenses: cultivator, dispensary, products manufacturer, testing facility, transporter, and vertical license. Prior to January 1, 2030, licenses shall not be issued or renewed unless at least 51% of the applicant's ownership is natural persons who have been Nebraska residents for at least 2 years. The number of licenses issued is limited until January 1, 2030, as follows:

## Major Objects of Expenditure

Class Code	Classification Title	26-27	27-28	28-29	26-27	27-28	28-29
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A07012	Information Technology Applications Developer/Senior	1.0	1.0	1.0	\$82,600	\$85,300	\$85,300
A07082	Information Technology Business Systems Analyst/Coordinator	1.0	1.0	1.0	\$74,000	\$76,400	\$76,400
X29222	Revenue Agent	2.5	2.5	2.5	\$111,600	\$115,200	\$115,200
Benefits.....					\$88,500	\$91,400	\$91,400
Operating Costs.....					\$1,000,000	\$1,300,000	\$1,382,980
Travel.....							
Capital Outlay.....					\$25,000		
Capital Improvements.....							
<b>Total.....</b>					<b>\$1,381,700</b>	<b>\$1,668,300</b>	<b>\$1,751,280</b>

Type	Number (until 1/1/2030)	Other
Cultivator	5	
Dispensary	10	
Product manufacturer	5	
Testing facility	5	
Vertical	5	A vertical license includes 4 dispensary licenses, limited to 2 per CD, 1 products manufacturer license, 1 cultivation license

Fiscal Impact:

It's important to note that the fiscal impact assessment provided by the DOR only addresses the 4% sales tax on cannabis sold by dispensaries to qualified patients and registered caregivers under the Act. This assessment does not account for additional revenue streams, including license fees, gifts, grants, other funds and occupation tax collected and administered by the commission and local governing board.

It is estimated that imposing the sales tax rate of 4% under LB 677 will have the following impact:

Fiscal Year	School District Property Tax Credit Fund
FY2026-27	\$ 817,000
FY2027-28	\$ 3,185,000
FY2028-29	\$ 4,139,000
FY2029-30	\$ 5,379,000

LB 677 will require a programming charge of \$1,000,000 in year one, \$1,300,000 in year two, and \$1,382,980 in year three paid to the OCIO for mainframe development and web development. Once developed, there will be ongoing maintenance of \$736,596 annually. The DOR will need to hire 2.5 FTE of the Revenue Agent, 1.0 FTE of the IT Application Developer Senior, 1.0 FTE of the Business System Analyst Coordinator to implement this bill.

This bill contains an emergency clause and becomes law upon enactment.

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

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

Nebraska State Patrol

Prepared by: <sup>(3)</sup> Carol Aversman

Date Prepared: <sup>(4)</sup> 12/05/2025

Phone: <sup>(5)</sup> 402-471-4545

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

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$2,828,098</u>		<u>\$1,218,323</u>	
CASH FUNDS	<u>\$85,500</u>	<u>\$85,500</u>	<u>\$14,000</u>	<u>\$14,000</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$2,913,598</u>	<u>\$85,500</u>	<u>\$1,232,323</u>	<u>\$14,000</u>

Explanation of Estimate:

**Nebraska State Patrol Crime Laboratory**

This bill will have a significant impact on the Nebraska State Patrol Crime Laboratory. LB 677 allows for the possession and use of cannabis plant material and products with delta-9 tetrahydrocannabinol (THC) concentrations higher than those specified as hemp for individuals with qualifying medical conditions. Visual examination cannot differentiate hemp, and hemp products from high delta-9 THC cannabis, and cannabis products or high delta-9 THC illicit plant material or products. This bill will make high delta-9 concentration cannabis and cannabis products available and legal to a large portion of the public with quantity limits for possession and several other criminal penalties associated with location of use and possession. Similar limits and penalties do not exist for hemp and hemp products. Due to these factors, the crime laboratory estimates there could be a significant increase in the number of samples requiring testing to determine legality to possess and use. This estimation is based on the impact that was seen when the hemp legislation was enacted in 2019. At that time the laboratory validated and began using a semi-quantitative method for plant material samples only. The laboratory does not currently have a validated method for performing this semi-quantitative analysis on oil, wax, or edible products (cannabis products as defined in LB 677). Because the determination of allowable concentration/weight of delta-9 THC specifically excludes any other ingredients in allowed medicinal cannabis products, the 1% testing method currently used by the laboratory is not appropriate to determine legality. Full quantitation will be required. The laboratory will need to develop and validate this testing for both plant material and cannabis products which will require personnel and instrumentation. Validations, especially using instrumentation that is not familiar to the crime laboratory, are time consuming and draw on resources normally devoted to case sample analysis so an impact to backlog and turnaround time for cases will be expected.

Data supports that semi-quantitative delta-9 THC concentration testing takes at least four times longer than identification testing, and costs roughly six times more. Full quantitation is at least as time consuming and costly. Because of the wide availability of substances allowed in LB 677, if no mitigation of testing requirements for violations is created, the crime laboratory will need to create a section within its controlled substances section devoted solely to testing of cannabis. Creating this section provides the ability to specifically focus on these types of samples, allowing development of efficient dedicated testing while not impacting cases containing other substances such as fentanyl and methamphetamine. To properly staff and equip a cannabis section the crime laboratory would require 1 Forensic Laboratory Supervisor/Technical Leader, and 3 Forensic Scientists. The costs for these employees are reflected as beginning July 1, 2026. Completion of the crime laboratory addition is anticipated in the summer or early fall of 2026. Space does not currently exist to house these additional employees or equipment until the expansion project is completed. The equipment needed for these scientists will include 4 Gas Chromatographs, 4 Gas Chromatographs/Mass Spectrometers, 1 High Performance Liquid Chromatograph with UV detector, and the space needed to house the added personnel and equipment.

An increase in driving under the influence of drug submissions which will impact the Toxicology Section is anticipated because of this legislation. The Crime Lab is currently the only laboratory providing toxicology services for DUI-D prosecution in Nebraska. The cost for 1 forensic scientist in this section has been included in the fiscal note, beginning upon completion of the crime laboratory addition. The equipment needed for this scientist includes 1 Immuno-Assay Screening instrument and 1 High Performance Liquid Chromatograph/triple

quad Mass Spectrometer (HPLC/QQQMS).

The Crime Lab also estimates that the increase in submissions will require 1 Forensic Technician to handle the increase in evidence received by the lab, and its management, until testing is completed, and it is returned to the submitting agencies. The fiscal note includes the cost of these added personnel beginning 7/1/2026.

As described above, multiple pieces of lab equipment will be required to meet the anticipated demands of LB 677. The 4 Gas Chromatographs have been included in the Fiscal Note at a cost of \$180,000. The 4 Gas Chromatograph/Mass Spectrometers are reflected at a cost of \$600,000. The HPLC/UV is reflected at a cost of \$190,000. The Immuno-Assay Screening Instrument has been included at a cost of \$77,000, and the HPLC/QQQ at a cost of \$650,000. Maintenance contracts for the additional lab equipment are estimated at an annual ongoing cost of \$119,428 beginning in the second year. Laboratory supplies have been included based upon an estimated 3,000 samples @ \$80.00 per sample for consumables/supplies, for a total of \$240,000. Actual cases could be more or less; the number that will be received is unknown. Other ongoing operational expenses include office supplies (\$900), computer leases (\$4,356), and OCIO expenses (\$13,320). Office Furniture and workstations are estimated at \$5,650 per employee for a total cost of \$34,900 in the second year of the biennium.

Note that the current facility expansion plan did not include the space needed for creation of a cannabis section, it included space for growth based on national trends of other controlled substance cases. Utilizing space to create a cannabis testing section will impact the ability for future expansion to accommodate non-cannabis testing within the controlled substance and toxicology sections.

#### Nebraska State Patrol Criminal Identification Division (CID)

To act as a cultivator, dispensary, products manufacturer, testing facility or for a vertical license under the Nebraska Medical Cannabis Regulation Act, an application must be submitted and approved by the Commission, and a license must be granted. An applicant for initial issuance of a license shall submit two legible sets of fingerprints to be furnished to the Federal Bureau of Investigation through the Nebraska State Patrol for a national criminal history record check along with the fee for such record check payable to the Patrol. The applicant shall authorize the release of the national criminal history record check to the commission.

The Patrol estimates that 2,100 background checks will be required to be completed in FY 2026-2027. Additionally, it is estimated that 800 background checks will be performed in FY 2027-2028. This includes both vertical and individual licenses, as well as co-licenses for spouses. It does not include additional owners/licensees that may exist beyond those of a spouse, as those are difficult to estimate. To perform these background checks, the Patrol estimates that 6 additional employees will be required (4 Office Specialists and 2 Administrative Technicians) beginning 07/1/2026. Costs included are for 1 AFIS workstation (\$50,000), and for the required office equipment and furniture needed for these employees (monitors, document scanners, cubicles and chairs) totaling \$30,350 in the first year. Ongoing operational costs include office supplies (\$900 each year), computer leases (\$2,376 each year), OCIO costs (\$12,780 each year) and the fee charged by the FBI (\$12.00 per applicant) (\$25,200 in the first year and \$9,600 in the second year).

Revenues include the fee charged by the Patrol to the applicant to perform the background check (\$55 per applicant). These fees are deposited in the Nebraska State Patrol Cash Fund. Expenses have been reflected as being paid from the Cash Fund to the extent that offsetting revenues exist. All other expenses have been reflected as General Funds.

#### Impact to the Drug Control and Education Cash Fund

The Agency is identified by statute as the recipient of a portion of the revenues collected by the Department of Revenue related to a tax on marijuana and controlled substances (Section 77-4303 Revised Statutes of Nebraska). It is also the recipient of restitution that has been paid, as ordered by the court, in cases where such taxes have not been paid. These revenues are required to be deposited in the Drug Control and Education Cash Fund. Annual revenues in recent years have been approximately \$150,000. LB 677 includes language to remove the tax on medicinal marijuana related to Drug Tax Stamps that would be deposited in the Drug Control and Education Cash Fund. The National Institute of Health has published statistics that indicate medicinal use of marijuana is 23% in states where recreational use is illegal. For purposes of this fiscal note, it has been assumed that 20% or \$30,000 annually of tax revenue would be lost due to the removal of tax provisions to the Patrol. These funds have historically been used to purchase vehicles and equipment for drug investigators and to purchase crime lab equipment needed for drug investigations and testing. The Fiscal note reflects the reduction in revenues and expenses to this cash fund beginning 7/1/2026, and the corresponding increase in General Funds to cover these expenses (drug investigator vehicle purchases and crime lab equipment).

The combined cash fund revenues on the fiscal note reflect the revenues received by the Criminal Identification Division (\$115,500 in Yr 1 and \$44,000 in Yr 2) and the reduction in revenues of \$30,000 that are estimated in the Drug Control and Education Cash Fund, resulting in revenues totaling \$85,500 and \$14,000, in FY 26/27 and FY 27/28 respectively.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27 EXPENDITURES</b>	<b>2027-28 EXPENDITURES</b>
	<b>26-27</b>	<b>27-28</b>		
Office Specialists (CID)	4	4	\$148,219	\$153,036
Administrative Technicians (CID)	2	2	\$79,667	\$82,257
NE State Patrol Forensic Technicians	1	1	\$43,135	\$44,536
NE State Patrol Forensic Scientist I	4	4	\$239,114	\$246,885
NE State Patrol Forensic Lab Supervisor	1	1	\$82,693	\$85,381
Benefits.....			\$209,228	\$216,028
Operating.....			\$308,142	\$404,200
Travel.....				
Capital outlay.....			\$1,803,400	
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$2,913,598</b>	<b>\$1,232,323</b>

Please complete **ALL** (5) blanks in the first three lines.

**2026**

**LB<sup>(1)</sup> 677**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> 05 Supreme Court

Prepared by: <sup>(3)</sup> Eric Asboe Date Prepared: <sup>(4)</sup> 12/11/2025 Phone: <sup>(5)</sup> 402-326-9215

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

	<u>FY 2026-27</u>	<u>REVENUE</u>	<u>FY 2026-27</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

Minimal fiscal impact to provide judicial education. No reasonable estimate of the impact on judicial workload can be determined at this time. No additional resources required.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:	NUMBER OF POSITIONS		2026-27	2027-28
POSITION TITLE	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Lancaster County, Nebraska	
REVIEWED BY: Jennifer Alcazar		DATE: 12/9/2025	PHONE: (402) 471-4169
COMMENTS: Concur with the Lancaster County's estimate of minimal fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 468	AM: 1251	AGENCY/POLT. SUB: Lancaster County Treasurer	
REVIEWED BY: Ryan Yang		DATE: 12/16/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County Treasurer assessment of no fiscal impact from LB 677 AM 1251.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Lancaster County Clerk	
REVIEWED BY: Jennifer Alcazar		DATE: 12/09/2025	PHONE: (402) 471-4169
COMMENTS: No basis to dispute the Lancaster County Clerk's estimate of indeterminable fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Lancaster County Department of Corrections	
REVIEWED BY: Jennifer Alcazar		DATE: 12/9/2025	PHONE: (402) 471-4169
COMMENTS: Concur with the Lancaster County Department of Corrections' estimate of no fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/09/2025	PHONE: (402) 471-4169
COMMENTS: No basis to dispute the Attorney General's fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/5/2025	PHONE: (402) 471-4169
COMMENTS: Concur with the Department of Revenue's estimate fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Department of Agriculture	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/09/2025	PHONE: (402) 471-4169
COMMENTS: No basis to dispute the Department of Agriculture's estimate of indeterminable fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: State Fire Marshal	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/9/2025	PHONE: (402) 471-4169
COMMENTS: Concur with the State Fire Marshal's estimate fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Liquor Control Commission	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/9/2025	PHONE: (402) 471-4169
COMMENTS: No basis to dispute the Liquor Control Commission's fiscal impact estimate as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Nebraska State Patrol	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/15/2025	PHONE: (402) 471-4169
COMMENTS: No basis to dispute the Nebraska State Patrol's fiscal impact estimate as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 677	AM:	AGENCY/POLT. SUB: Supreme Court	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/15/2025	PHONE: (402) 471-4169
COMMENTS: No basis to dispute the Supreme Court's estimate of minimal fiscal impact as a result of LB 677.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:677	AM:	AGENCY/POLT. SUB: Nebraska Department of Correctional Services	
REVIEWED BY:	Jennifer Alcazar	DATE: 12/11/2025	PHONE: (402) 471-4169
COMMENTS: Concur with the Department of Correctional Services' estimate of no fiscal impact as a result of LB 677.			