

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 651 amends the Nebraska Medical Cannabis Patient Protection Act (Act) as a result of Initiative Law 2024, No. 437.

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 3 of the bill. Under section 3, 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. A health care practitioner may include in the written recommendation a notation that an individual shall be allowed to possess an amount of cannabis in excess of the allowable amount of cannabis. The practitioner may include such notation if the practitioner determines in his or her professional judgment, that such greater quantity is necessary or appropriate due to specified factors. If a health care practitioner provides a notation, the practitioner shall state in the written recommendation the reason or reasons the increased quantity shall be allowed and the quantity of cannabis that the individual shall be allowed to possess. A qualified patient who has been issued a registry card may request a health care practitioner to update a previously issued written recommendation to include a notation. If the practitioner issues an updated written recommendation with such a notation, the qualified patient shall immediately be eligible to possess such greater quantity of cannabis. The qualified patient shall notify the Department of Health and Human Services (DHHS), in a form and manner prescribed by DHHS, within 30 days after receiving such notation. Failure to so notify DHHS shall render the notation invalid. A written recommendation is valid for 2 years after the date of issuance or for a shorter period of time specified by the health care practitioner on the written recommendation.

DHHS shall establish and maintain a registry program for qualified patients and registered caregivers. Individuals and registered caregivers may apply to DHHS to be enrolled in the registry program as a qualified patient by submitting an application to DHHS in the form and manner prescribed by DHHS. Upon granting an application, DHHS 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 DHHS within 5 days after learning of such theft or loss.

DHHS shall adopt and promulgate specified rules and regulations regarding the Act and may adopt and promulgate other rules and regulations as necessary to carry out the Act.

LB 651 amends the Nebraska Medical Cannabis Regulation Act (Act) as a result of Initiative Law 2024, No. 438.

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 Nebraska Medical Cannabis Commission (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 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 NMCCC 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
- 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:

- One dispensary license per congressional district
- One products manufacturing license
- One cultivation license

A person shall only operate as a dispensary, products manufacturer, or cultivator as part of a vertical license.

Until January 1, 2030, the NMCC shall not issue more than 10 vertical licenses statewide.

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 75 to 98 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 personal 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 an amount determined by the NMCC. The fee for initial issuance of a license shall be an amount determined by the NMCC, which shall be at least \$50,000 and not more than \$100,000. The NMCC shall set the fee in an amount to cover the NMCC's expenses in carrying out its responsibilities under the Act. The NMCC may adjust the fee annually within the limits.

An application for renewal of a license shall be accompanied by a fee in an amount determined by the NMCC. The fee for renewal of a license shall be an amount determined by the NMCC, which shall be at least \$10,000 and not more than \$25,000. The NMCC shall set the fee in an amount to cover the NMCC's expenses in carrying out its responsibilities under the Act. The NMCC may adjust the fee annually within the limits.

Application fees paid to the NMCC shall be credited as follows:

- 50% shall be credited to the Medical Cannabis Control Fund
- 50% shall be remitted to the county, city, or village treasurer of the local governing body with jurisdiction over the licensed premises.
 - The city or village treasurer shall credit fees received to the school fund of the school district lying wholly or partially within the corporate limits of such city or village
 - The county treasurer shall credit fees received to the school fund of the county.

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 Medical Cannabis Control 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 Medical Cannabis Control Fund from the 4% sales tax based on licensing beginning January 1, 2026:

- FY26: \$629,000
- FY27: \$2,451,000
- 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 estimates licensing fees beginning in FY26 and receiving renewal fee revenue in FY28 with 50% of these fees credited to the Medical Cannabis Control Fund and 50% credited to county school funds. We estimate that additional businesses will apply for licenses in FY27, which would add to revenue received for licensing.

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. We estimate a decrease to the NSP Drug Control and Education Cash Fund 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. 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, as well.

Expenditures:

The DOR estimates a programming charge of \$1,000,000 in FY26, \$1,300,000 in FY27, and \$1,382,980 in FY28 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 NLCC 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 10 sworn officers to implement the bill. NLCC also estimates operating and IT expenses. NLCC estimates expenses connected to printing, supplies, and software for printing medical cards of \$250,000 in FY26 and \$150,000 in FY27. As these responsibilities are under the purview of DHHS under the bill, NLCC would not need appropriation for these costs. 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.

The Nebraska State Patrol (NSP) estimates costs for equipment, supplies, and other operational expenses as well as for 4 FTE Office Specialists and 2 FTE Administrative Technicians beginning in FY26 and 1 FTE Forensic Technician, 4 FTE Forensic Scientist I, and 1 FTE Forensic Lab Supervisor beginning in FY27. NSP estimates General Fund expenditures to the extent Cash Fund revenue estimates do not cover the remaining expenditures as a result of this bill. There is no basis to disagree with this estimate.

DHHS estimates the need for 1.0 FTE Program Manager II and Program Specialist as well as 3.0 FTE Administrative Specialist as a result of this bill. DHHS estimates IT changes, and it is unknown if the creation of the registry under this bill would result in exceeding the contracted limit with their vendor. If it does, DHHS notes that a change order will be negotiated with the vendor that will have additional costs to DHHS.

The Nebraska Department of Agriculture estimates an indeterminate impact to it as a result of the bill and estimates an increase to Cash and General Fund appropriations would be necessary. The department estimates a need to be provided these appropriations in the mid-biennium when the impact will be known. The department notes that revenue from permit and inspection fees would partially offset the expenses incurred.

The Attorney General's Office estimates the need for 1 FTE Assistant Attorney General as a result of this bill. There is no basis to disagree with this estimate.

The State Fire Marshall could have costs connected to it as a result of inspections under the bill with connected fee revenue. If further information is received, the fiscal note will be updated.

TECHNICAL NOTE: The bill references Section 95 for the fee for vertical licensing. However, this fee is not found in that section and is not provided in the bill. The NLCC did estimate vertical licensing fees based on a \$150,000 fee amount in its fiscal note estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Supreme Court	
REVIEWED BY:	Jacob Leaver	DATE: 2/28/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Supreme Court's estimate of minimal fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY:	Jacob Leaver	DATE: 1/27/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Attorney General's estimated fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Department of Health and Human Services	
REVIEWED BY:	Jacob Leaver	DATE: 2/27/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Health and Human Services' estimated fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Department of Agriculture	
REVIEWED BY:	Jacob Leaver	DATE: 2/4/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Agriculture's indeterminable fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Liquor Control Commission	
REVIEWED BY:	Jacob Leaver	DATE: 2/4/2025	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Liquor Control Commission's estimated fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Department of Correctional Services	
REVIEWED BY:	Jacob Leaver	DATE: 2/6/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Correctional Services' estimate of no fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Nebraska State Patrol	
REVIEWED BY:	Jacob Leaver	DATE: 2/6/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Nebraska State Patrol's estimated fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Lancaster County	
REVIEWED BY:	Jacob Leaver	DATE: 2/4/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Lancaster County's estimate of indeterminable fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Lancaster County Clerk	
REVIEWED BY:	Jacob Leaver	DATE: 1/30/2025	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Lancaster County Clerk's estimate of indeterminable fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Lancaster County Department of Corrections	
REVIEWED BY:	Jacob Leaver	DATE: 1/29/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Lancaster County Department of Corrections' estimate of no fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Lancaster County Treasurer	
REVIEWED BY:	Jacob Leaver	DATE: 1/29/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Lancaster County Treasurer's estimate of no fiscal impact as a result of LB 651.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 651	AM:	AGENCY/POLT. SUB: Lancaster County Sheriff	
REVIEWED BY:	Jacob Leaver	DATE: 1/28/2025	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Lancaster County Sheriff's indeterminable fiscal impact as a result of LB 651.			

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2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Attorney General

Prepared by: ⁽³⁾ Jay Bartel Date Prepared: ⁽⁴⁾ 1-26-25 Phone: ⁽⁵⁾ 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>144,298</u>	<u> </u>	<u>147,752</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>144,298</u>	<u> </u>	<u>147,752</u>	<u> </u>

Explanation of Estimate:

Section 56 of LB651 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:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Assistant Attorney General	<u>1.0</u>	<u>1.0</u>	<u>100,000</u>	<u>103,000</u>
Benefits.....	<u> </u>	<u> </u>	<u>44,298</u>	<u>44,752</u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u>144,298</u>	<u>147,752</u>

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 2-26-25

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$388,619	\$0	\$408,051	\$0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$388,619	\$0	\$408,051	\$0

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

Explanation of Estimate:

LB651 requires the Department of Health and Human Services (DHHS) to establish and maintain a confidential registry program for patients who are qualified for medical cannabis and for registered caregivers.

DHHS would need to work with System Automation (vendor) and the current IT Business Systems Analyst to add a medical cannabis patient registry and a medical cannabis caregiver registry to the Department’s current database for registry information. System Automation and the IT Business Systems Analyst will also need to help create electronic applications to be completed online by the registry applicants. The contract with the vendor allows for a number of changes each year, but it is unknown whether the creation of this registry will exceed the contracted limit. If it does, a change order will be negotiated with the vendor that will have additional cost to the Department.

To implement a registry including the processing of initial applications, renewal applications, and any denial of placement on the registry, the Department would need to add a DHHS Program Manager II position, a Program Specialist position, and three (3) Administrative Specialist positions to complete the volume of new and ongoing workload.

Since an emergency exists, this act takes effect when passed and approved according to law.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
		25-26	26-27	EXPENDITURES	EXPENDITURES
	V78792 - DHHS Program Manager II	1.0	1.0	\$65,148	\$68,405
	K73210 - DHHS Program Specialist	1.0	1.0	\$51,933	\$54,530
	K01014 - Administrative Specialist	3.0	3.0	\$123,252	\$129,415
	Benefits.....			\$84,117	\$88,323
	Operating.....			\$64,169	\$67,378
	Travel.....				
	Capital Outlay.....				
	Aid.....				
	Capital Improvements.....				
	TOTAL.....			\$388,619	\$408,051

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2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ Jan. 29, 2025 Phone: ⁽⁵⁾ 402-441-7425

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
CASH FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u><u>0</u></u>	<u><u></u></u>	<u><u>0</u></u>	<u><u></u></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>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u></u>	<u></u>	<u></u>	<u></u>
Operating.....	<u></u>	<u></u>	<u></u>	<u></u>
Travel.....	<u></u>	<u></u>	<u></u>	<u></u>
Capital outlay.....	<u></u>	<u></u>	<u></u>	<u></u>
Aid.....	<u></u>	<u></u>	<u></u>	<u></u>
Capital improvements.....	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL.....	<u></u>	<u></u>	<u></u>	<u></u>

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Department of Corrections

Prepared by: ⁽³⁾ Lt. Joe Anderson Date Prepared: ⁽⁴⁾ 1-29-25 Phone: ⁽⁵⁾ (402) 441-1919

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County, NE

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1/30/2025 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

Under LB651, Lancaster County's revenues are expected to increase due to cannabis licensing fees, occupation taxes, and potential sales tax allocations. The county will receive 50% of state-collected licensing fees from cannabis businesses operating within its jurisdiction, with these funds designated for local schools. Additionally, Lancaster County has the authority to impose an occupation tax of up to \$5,000 annually or 2% of a licensee's gross receipts, further boosting local revenue. While the bill primarily allocates cannabis sales tax revenue to the Medical Cannabis Control Fund, the county may still benefit indirectly from broader economic activity. However, the exact amount of revenue Lancaster County will receive remains uncertain, as it depends on the number of cannabis businesses established, their sales volume, and the county's approach to taxation and regulation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Clerk

Prepared by: ⁽³⁾ Matt Hansen Date Prepared: ⁽⁴⁾ 1-30-2025 Phone: ⁽⁵⁾ 402-441-7481

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See below</u>	<u>0</u>	<u>See below</u>	<u>0</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 county treasurer credits the fees to the school fund of the county. Allowing the county to credit some or all these fees to the county general fund could offset the costs of this bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Liquor Control Commission

Prepared by: ⁽³⁾ LeAnna Prange Date Prepared: ⁽⁴⁾ 1/31/25 Phone: ⁽⁵⁾ 471-4892

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>6,547,718</u>	<u>14,062,500</u>	<u>5,343,794</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>14,062,500</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>6,547,718</u>	<u>28,125,000</u>	<u>5,343,794</u>	<u>0</u>

Explanation of Estimate:

LB 651 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 651 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 651 are outlined to be between \$50,000 and \$100,000 for a 2-year license period. For this fiscal note, an average of that range (\$75,000) is used for revenue projections. License fees are the only revenue identified in LB 651 the Commission will collect. Assuming licenses are issued in 1/1/26, renewal fee revenue would not be collected until FY 2027-2028 because of a 2-year license period.

Cultivator license, \$75,000/2 years, 100 locations, \$7,500,000

Dispensary license, \$75,000/2 years, 200 locations (based on expectation of qualified applicants and number of stand-alone hemp shops), \$15,000,000

Product Manufacturer license, \$75,000/2 years, 50 locations, \$3,750,000

Testing facility license, \$75,000/2 years, 5 locations, \$375,000

Vertical license (3 for price of 2), \$150,000/2 years, 10 locations, \$1,500,000

Total first-time license fee revenue, \$28,125,000. Fifty percent shall be credited to the Medical Cannabis Control Fund; fifty percent shall be remitted to the Common School Fund and distributed to the school fund of the appropriate school fund.

Renewal revenue of same licenses is outlined in LB 651 between \$10,000 and \$25,000. This will be collected in FY 2027-2028 for all license types.

Medical Marijuana cards can be issued for qualifying medical conditions. Since no fee is outlined in LB 651 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 651 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, 10 officers, \$120,000/year, \$1,200,000 (psl)
 Expenditures for Sworn Officers, \$40,000 each for auto, investigative equipment, travel, gear, 10 officers, \$400,000 (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 \$5,357,718 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 651 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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
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	10	10	1,200,000	1,239,000
Benefits			903,718	915,042
Operating			3,254,000	2,054,000
Travel			60,000	
Capital outlay			30,000	
Aid				
Capital improvements				
TOTAL			6,547,718	5,343,794

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: James R. Kamm		Date Prepared: 02/27/2025				
		Phone: 471-5896				
	FY 2025-2026		FY 2026-2027		FY 2027-2028	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$1,381,700		\$1,668,300		\$1,751,280	
Cash Funds		\$629,000		\$2,451,000		\$3,185,000
Federal Funds						
Other Funds						
Total Funds	\$1,381,700	\$629,000	\$1,668,300	\$2,451,000	\$1,751,280	\$3,185,000

LB 651 creates the Nebraska Medical Cannabis Patient Protection Act and the Nebraska Medical Cannabis Regulation Act. The bill creates rules for enforcement and licensing. The bill creates the Nebraska Medical Cannabis Commission (commission). The commission will consist between three and five members. The three members of the Nebraska Liquor Control Commission will be members of the commission.

The commission and Department of Agriculture (DOA), Department of Revenue (DOR), and Department of Health and Human Services (DHHS) will work collaboratively to ensure that the cultivation, processing, manufacture, distribution, transportation, testing, and sale of cannabis in this state is conducted in accordance with the act.

The Medical Cannabis Control Fund is created and consist of all fees, gifts, grants, and other money, excluding fines and civil penalties, received or collected by the commission under the act. The commission may use the fund to cover any cost for enforcement and administration with the act.

A licensee would be required to certify along with other requirements that they had not failed to file any tax returned related to a licensee or failed to pay any taxes, interest, penalties due relating to a licensee during the time of licensure or at the time of their application.

Prior to January 1, 2030, applicants for any license must have ownership consisting of at least 51% natural persons who have been Nebraska residents for 2 years. The initial license fees set by commission will be between \$50,000 and \$100,000. The license renewal fee set by commission will be between \$10,000 and \$25,000. 50% is remitted to Medical Cannabis Control Fund and 50% is credit to the school fund where the license is located. Until January 1, 2030, vertical licenses will be issued on a merit-based application process.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
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.....						
	Total.....				\$1,381,700	\$1,668,300	\$1,751,280

There are 5 types of licenses with the following limitations:

Type	Number	Other
Cultivator		
Dispensary		
Products manufacturer		
Testing Facility		
Vertical	10 until 1/1/2030	1 dispensary license per CD, 1 products manufacturing license, 1 cultivation license

A local governing board may 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.

A product manufacturer may manufacture products including cannabis-infused edibles among other products.

The state sales tax rate for sales of cannabis by dispensaries to qualified patients and registered caregivers under the act is 4%. The bill adds language that a drug as defined under § 77-2704.09 does not include cannabis obtained under the act. All sales and use tax for the sale of cannabis by dispensaries to qualified patients and registered caregivers is credited to the Medical Cannabis Control Fund.

The bill adds lawful possession of cannabis under the Nebraska Medical Cannabis Patient Protection Act or the Nebraska Medical Cannabis Regulation Act is not subject to the Nebraska Marijuana and Controlled Substances Tax.

Edible cannabis sold under the act are subject to the Nebraska Pure Food Act as the same as other food items.

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 the 4% under LB 651 will have the following impact:

Fiscal Year	Medical Cannabis Control Fund
FY2025-26	\$ 629,000
FY2026-27	\$ 2,451,000
FY2027-28	\$ 3,185,000
FY2028-29	\$ 4,139,000

LB 651 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 2.50 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.

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State Patrol

Prepared by: ⁽³⁾ Carol Aversman Date Prepared: ⁽⁴⁾ 01/31/2025 Phone: ⁽⁵⁾ 402-471-4545

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$243,412		\$2,898,283	
CASH FUNDS	\$95,025	\$95,025	\$36,200	\$36,200
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$338,437	\$95,025	\$2,934,483	\$36,200

Explanation of Estimate:

Nebraska State Patrol Crime Laboratory

This bill will have a significant impact on the Nebraska State Patrol Crime Laboratory. LB 651 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 651). 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 651, 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 late 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 as a result 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/QQMS).

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 this added personnel beginning upon completion of the laboratory addition.

As described above, multiple pieces of lab equipment will be required to meet the anticipated demands of LB 651. 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)

In order 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 2025-2026. Additionally, it is estimated that 800 background checks will be performed in FY 2026-2027. 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). 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 (\$675 in Yr 1, \$900 in Yr 2), computer leases (\$1,782 in Yr 1, \$2,376 in Yr 2), OCIO costs (\$9,585 Yr 1, \$13,320 Yr 2) 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 (\$45.25 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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Office Specialists (CID)	4	4	\$104,616	\$143,672
Administrative Technicians (CID)	2	2	\$56,232	\$77,225
NE State Patrol Forensic Technician		1		\$43,346
NE State Patrol Forensic Scientist I		4		\$240,289
NE State Patrol Forensic Lab Supervisor		1		\$83,099
Benefits.....			\$59,997	\$210,752
Operating.....			\$37,242	\$404,200

Travel.....	<u> </u>	<u> </u>
Capital outlay.....	<u> \$80,350 </u>	<u> \$1,731,900 </u>
Aid.....	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>
TOTAL	<u> \$338,437 </u>	<u> \$2,934,483 </u>

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Agriculture

Prepared by: ⁽³⁾ Ashley Dempsey Date Prepared: ⁽⁴⁾ 1/31/2025 Phone: ⁽⁵⁾ 402-429-2487

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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 fiscal impact to the Department is indeterminable at this time due to unknown variables such as the number of establishments that would fall under the definition of food establishment in the Nebraska Pure Food Act. The revenue from permit and inspection fees would partially offset the expenses incurred for such establishments, however, an increase to Cash and General appropriations would be necessary and would need to be provided in the mid-biennium as the impact will not be known for another year. Currently, the Food Inspection Program is funded half by fees and half from General Fund appropriation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Correctional Services

Prepared by: ⁽³⁾ Lisa Stanton Date Prepared: ⁽⁴⁾ 01/31/2025 Phone: ⁽⁵⁾ (402)479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

NDCS estimates no fiscal impact as a result of LB651.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Sheriff's Office

Prepared by: ⁽³⁾ Chief Deputy Ben Houchin Date Prepared: ⁽⁴⁾ January 27, 2025 Phone: ⁽⁵⁾ 402-441-6500

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>Unknown</u>	<u>0</u>	<u>Unknown</u>	<u>0</u>

Explanation of Estimate:

At the present time there are too many variables to be able to determine the fiscal cost this bill will have on the Lancaster County Sheriff's Office. There is no way to know how many businesses will be licensed in Lancaster County. There will also be cost in training deputies on the new laws and regulations. I am also unable to say how many compliance checks and application checks that the Sheriff's Office will have to complete.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/29 /2025 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

LB651 would modify portions of the Nebraska Medical Cannabis Patient Protection Act and the Nebraska Medical Cannabis Regulation Act.

NACO gathered data about states who have legalized medicinal marijuana (but not legalized recreational use) from the National Conference of State Legislatures. NACO then gathered data from an article in the Annals of Internal Medicine (“Trends in U.S. Medical Cannabis Registrations, Authorizing Clinicians, and Reasons for Use From 2020 to 2022”) about the number of cannabis patients (including the patient-to-population ratio [per 10,000 people]). Note that there is substantial variation in how states administer their legalized medicinal marijuana programs, which may well affect the number of patients and program applicants. There are likely other factors affecting the number of program applicants, such as whether the state is near another state which has legalized recreational use or decriminalized small amounts of marijuana. Given the variation in program administration, we took the median patient-to-population value in the subset of applicable states for which we could find data (Arkansas, Florida, Hawaii, Mississippi, New Hampshire, North Dakota, Oklahoma, Pennsylvania, Utah, and West Virginia). The median patient-to-population value per 10,000 people was 208. We then applied this ratio to the population of Nebraska (estimated to be 1.978 million in 2023 by the U.S. Census Bureau). Based on this ratio, one possible estimate for the number of patients who could submit applications for a legalized medicinal marijuana program in Nebraska is 41,142. However, there is another way to possibly estimate the number of program applicants. We could look at an applicable state whose population and geography approximates Nebraska’s and use their ratio to estimate the number of patients in Nebraska. North Dakota has an estimated 783,926 residents with a patient-to-population ratio of 102. If we apply this ratio to Nebraska’s population, another possible estimate for the number of patients who could submit applications for a legalized medicinal marijuana program is 20,176.

In sum, based on the best available and most recent data, we estimate that the number of patients who may submit applications for a legalized medicinal marijuana program in Nebraska is somewhere between 20,000 and 40,000 people.

There is expected to be minimal or no fiscal impact to counties if LB 677 were to pass.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB⁽¹⁾ 651

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ 05 Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 2/26/2025 Phone: ⁽⁵⁾ 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

Minimal fiscal impact to provide judicial education. Any potential increase in judicial workload cannot be determined at this time. No additional resources required.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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