PREPARED BY: Clinton Verner
DATE PREPARED: May 7, 2025
PHONE: 402-471-0056

LB 316

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised for AM944

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

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	$441,686	($1,109,000)	$84,798	($1,834,000)
CASH FUNDS		$841,000		$2,147,000
FEDERAL FUNDS				
OTHER FUNDS		($7,000)		($12,000)
TOTAL FUNDS	$441,686	($275,000)	$84,798	$338,000

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

AM944 strikes the original text of LB316 and would make amendments to the Hemp Farming Act and Uniform Controlled Substances Act.

LB316 would make the following amendments to the Hemp Farming Act:

- Adds definitions for cannabidiol, federally compliance hemp, raw hemp and THC;
- Creates the following THC limits:
  - For raw hemp, a total of THC concentration of not more than .3% of dry weight basis;
  - For processed hemp, including cannabidiol products, not more than the lesser of:
    - A total THC concentration of .3% on a total weight basis or;
    - 10 milligrams of total THC per package;
  - Clarifies hemp definition to include cannabidiol products and not the mature stalks of the plant Cannabis sativa L, fiber produced from such stalks, oil or cake made from the seeds of the stalk, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks, or the sterilized seed of such plant that is incapable of germination;
- Beginning on January 1, 2026, creates an excise tax of 10% on the retail sale of cannabidiol products to consumers of 10% of retail price, describes the tax collection and manner of filing for the tax;
- Remits the excise tax to the State Treasurer for credit to the Property Tax Credit Fund;
- Restricts non-Federally compliant hemp from being cultivated, possessed, handled, transported, processed, used, sold, or consumed in the state;
- Requires cannabidiol products to be possessed, handled, transported, used, sold, and consumed in accordance with the Nebraska Pure Food Act and the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. 301, as such act and regulations existed on January 1, 2025;
- Creates a consumer safe harbor period for dropping off illegal hemp for destruction, allows for the Attorney General to coordinate with law enforcement agencies to establish locations, clarifies that this safe harbor does not prevent prosecution for the cultivation, possession, handling, transportation, processing, use, sale, or other distribution of raw materials or products with a delta-9 THC concentration of more than .3% on a dry weight basis; and
- Allows for federally compliant hemp to be transported in interstate commerce for any lawful purpose, restricts unloading of hemp in the state without authorization by state or federal law enforcement.

LB316 would amend the Uniform Controlled Substances Act to add hemp to the definition of marijuana, except for hemp possessed in compliance with the Nebraska Hemp Farming Act.

No basis to disagree with the Department of Revenue's estimates for administrative cost relating to LB316 as amended and estimates for revenue impact. No basis to disagree with the Supreme Court, Attorney General, and Department of Agriculture's estimates for no fiscal impact. No basis to disagree with the Department of Corrections that this legislation has an indeterminable fiscal impact on their agency.

Technical Note: Sec. 3 creates an excise tax within the Hemp Farming Act on cannabidiol products. The Hemp Farming Act is administered by the Department of Agriculture, though within Sec. 3 certain duties are placed upon the Department of Revenue. It is unclear what duties are to be placed within the two agencies. Sec. 4 requires cannabidiol products to be possessed, handled, transported, used, sold, and consumed in accordance with the Nebraska Pure Food Act. Currently the Pure Food Act does not regulate cannabidiol.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 316	AM: 944	AGENCY/POLT. SUB: Supreme Court	
REVIEWED BY: Jacob Leaver	DATE: 05/01/2025		PHONE: (402) 471-4173
COMMENTS: Concur with the Supreme Court's estimate of no fiscal impact as a result of LB 316 AM 944.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 316	AM: 944	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY: Jacob Leaver	DATE: 05/01/2025		PHONE: (402) 471-4173
COMMENTS: Concur with the Attorney General's estimate of no fiscal impact as a result of LB 316 AM 944.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 316	AM: 944	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Jacob Leaver	DATE: 5/7/2025		PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Revenue's estimated fiscal impact as a result of LB 316 AM 944.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 316	AM: 944	AGENCY/POLT. SUB: Department of Corrections	
REVIEWED BY: Jacob Leaver	DATE: 5/5/2025		PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Correction's estimate of indeterminable fiscal impact as a result of LB 316 AM 944.			

Please complete ALL (5) blanks in the first three lines. **2025**

LB(1) 316, AM944 **FISCAL NOTE**

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

Prepared by: (3) Darrin Schultz **Date Prepared: (4)** 4/30/2025 **Phone: (5)** 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No Fiscal Impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

LB 316 AM 944 Fiscal Note 2025

State Agency Estimate

State Agency Name: Department of Revenue					Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	05/07/2025		Phone: 471-5896	
	FY 2025-2026		**FY 2026-2027**		**FY 2027-2028**	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	$441,686	($1,109,000)	$84,798	($1,747,000)	$84,798	($1,834,000)
Cash Funds		$841,000		$2,147,000		$2,254,000
Federal Funds						
Other Funds		($7,000)		($12,000)		($13,000)
Total Funds	$441,686	($275,000)	$84,798	$388,000	$84,798	$407,000

LB 316 AM 944 makes the following amendments to the Nebraska Hemp Farming Act and Uniform Controlled Substance Act:

Cannabidiol product means a finished hemp consumer product that contains, as a primary ingredient, cannabidiol extracted or derived from hemp and that complies with the THC limits provided in subdivision (5)(a)(ii) and does not contain any cannabinoids created through chemical conversion, modification, or synthesis, including, but not limited to hexahydro cannabinol.

In LB 316 AM 944, hemp now must comply with the following limits:

- Processed hemp not more than the lessor of:
  - Includes a total THC concentration of 0.3 percent on a total weight basis; or
  - Ten milligrams of total THC per package

Beginning January 1, 2026, an excise tax is imposed on retail sale of cannabidiol products to consumers at 10% of the retail purchase price on forms prescribed by Department of Revenue (DOR). The excise tax is in addition to all other occupations or privilege taxes imposed by this state or any political subdivision of this state. The due date of the return is the twentieth day of the following month. DOR may require retailers to submit electronically and remit the tax electronically. DOR remits all money collected from the tax to the State Treasurer for credit to the Property Tax Credit Cash Fund.

The Nebraska Hemp Farming Act is modified to apply different requirements for hemp and cannabidiol products. It provides that hemp that is not a cannabidiol product shall not be cultivated, possessed, handled, transported, processed, used, sold, or consumed in this state unless it is federally compliant hemp and transported pursuant. provides that any cannabidiol product shall be possessed, handled, transported, used, sold, and consumed in accordance with the Nebraska Pure Food Act, and the Federal Food, Drug, and Cosmetic Act. This section also contains a safe harbor ending December 31, 2025, for consumers not to be subject to prosecution for possessing

Major Objects of Expenditure

Class Code	Classification Title	25-26 FTE	26-27 FTE	27-28 FTE	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
A07012	Information Technology Applications Developer/Senior	0.5	0.5	0.5	$41,300	$42,700	$42,700
Benefits					$13,600	$14,100	$14,100
Operating Costs					$381,786	$27,998	$27,998
Travel							
Capital Outlay					$5,000		
Capital Improvements							
Total					$441,686	$84,798	$84,798

illegal hemp and allows for the Attorney General to establish locations to drop off illegal hemp for disposal. Federally compliant hemp means hemp that complies with the requirements of the Agriculture Improvement Act of 2018 and may be transported in interstate commerce.

In the Uniform Controlled Substances Act, Marijuana now includes hemp, except for hemp possessed in compliance with the Nebraska Hemp Farming Act.

It is estimated that LB 316 AM 944 will have the following impact:

Fiscal Year	General Fund Revenues	Highway Trust Fund	Highway Allocation Fund	Property Tax Credit Cash Fund
FY2025-26	($1,109,000)	($39,000)	($7,000)	$880,000
FY2026-27	($1,747,000)	($71,000)	($12,000)	$2,218,000
FY2027-28	($1,834,000)	($74,000)	($13,000)	$2,328,000
FY2028-29	($1,925,000)	($78,000)	($14,000)	$2,445,000

LB 316 AM 944 will require a one-time programming charge of $381,786 paid to the OCIO for mainframe development and web development. Ongoing maintenance costs are estimated at $27,998 annually. Additionally, the Department will need to hire 0.5 senior-level Information Technology Applications Developer to implement this bill.

The operative date for this bill is three months after the adjournment of the Legislature.

Please complete ALL (5) blanks in the first three lines. **2025**

LB(1) 316 AM944 **FISCAL NOTE**

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

Prepared by: (3) Lisa Stanton Date Prepared: (4) 04/30/2025 Phone: (5) (402)479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB316 as amended by AM944 could increase the number of persons in prison. The specific amount of impact is indeterminable.

The FY24 per diem cost was $35.45 for each incarcerated individual, or $12,937.94 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

Please complete ALL (5) blanks in the first three lines. **2025**

LB(1) 316, AM944 **FISCAL NOTE**

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

Prepared by: (3) Eric Asboe Date Prepared: (4) 4/29/2025 Phone: (5) 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB316, as amended by AM944, has a minimal fiscal impact to provide judicial education. No additional resources required.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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