

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised for 109th Legislature, 2nd 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	441,686	0	0	0	441,686
FY2027-2028	84,798	0	0	0	84,798
FY2028-2029	84,798	0	0	0	84,798
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.

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. Concur with the Department of Revenue that fiscal impact is indeterminate due to H.R. 5371 which effectively bans most hemp-derived THC products. 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. 4 requires cannabidiol products to be possessed, handled, transported, used, sold, and consumed in accordance with the Nebraska Pure Food Act. The Pure Food Act does not currently regulate cannabidiol products.

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

Prepared by: ⁽³⁾ Kevin Shearman Date Prepared: ⁽⁴⁾ 11/28/2025 Phone: ⁽⁵⁾ 402-580-1451

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	<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:

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

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
	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
General Funds	\$441,686	\$84,798	\$84,798
Cash Funds	See Below	See Below	See Below
Federal Funds			
Other Funds			
Total Funds	\$441,686	\$84,798	\$84,798

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 hexahydrocannabinol.

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 occupation 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 to the State Treasurer at least once 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

<u>Class Code</u>	<u>Classification Title</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>28-29 FTE</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>	<u>28-29 Expenditures</u>
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.

The fiscal impact of LB 316 AM 944 is currently indeterminable due to a provision in a recent federal budget spending bill, the Continuing Appropriations and Extensions Act, 2026 (H.R. 5371). This provision significantly alters the federal legal definition of hemp by imposing a strict limit of 0.4 milligrams total THC per container, replacing the previous 0.3% delta-9 THC dry-weight standard. As a result, the new law effectively bans most hemp-derived THC products currently available on the market.

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 legislature.

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

Prepared by: ⁽³⁾ Darrin Schultz

Date Prepared: ⁽⁴⁾ 12-5-25

Phone: ⁽⁵⁾ 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	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		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

LB⁽¹⁾ 316

FISCAL NOTE

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

Prepared by: ⁽³⁾ Lisa Stanton

Date Prepared: ⁽⁴⁾ 11/19/2025

Phone: ⁽⁵⁾ (402)479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Explanation of Estimate:

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

The FY25 per diem cost was \$33.73 for each incarcerated individual, or \$12,309.72 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

Prepared by: ⁽³⁾ Eric Asboe

Date Prepared: ⁽⁴⁾ 10/16/2025

Phone: ⁽⁵⁾ 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Explanation of Estimate:

The Final Reading copy of LB316 is estimated to have 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		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 316	AM:	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY:	Jacob Leaver	DATE: 12/10/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Attorney General's estimate of no fiscal impact as a result of LB 319.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 316	AM: 944	AGENCY/POLT. SUB: Department of Agriculture	
REVIEWED BY:	Jacob Leaver	DATE: 12/10/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Agriculture'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: 12/6/2025	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:	AGENCY/POLT. SUB: Department of Correctional Services	
REVIEWED BY:	Jacob Leaver	DATE: 12/10/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Correctional Services' estimate of indeterminable fiscal impact as a result of LB 316.			