

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	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 634 establishes the Cannabis Control Act (Act). The Act sets forth the exclusive means by which a person in Nebraska may engage in the cultivation, manufacture, sale, distribution, transfer, dispensing, testing, possession, and use of cannabis. The Act does not permit the transfer of cannabis to a person under the age of 21 years or allow a person under the age of 21 years to purchase, possess, use, transport, cultivate, or consume cannabis. The Act details what is to be lawful for those 21 years and older regarding cannabis on the state and local level as:

- Possessing, processing, transporting, purchasing, obtaining, or giving away to persons 21 years or older without any compensation not more than one ounce of cannabis in any form
- Possessing, growing, planting, cultivating, harvesting, drying, or processing cannabis plants as provided in the Act
- Smoking, ingesting, or otherwise consuming cannabis
- Possessing, transporting, purchasing, obtaining, using, manufacturing, or giving away cannabis accessories to persons 21 years or older without any compensation

A person is not to smoke or otherwise consume cannabis or cannabis products in any public place, in or upon the licensed premises of any licensee, or in a motor vehicle, under this Act.

A person other than a cannabis store, cultivator, or products manufacturer is not to sell cannabis to another person under the Act.

Attorneys are allowed to provide legal assistance to a prospective licensee, licensee, or another person or entity who is engaged in activities that are no longer subject to criminal penalties under state law pursuant to the Act.

A contract entered into by a licensee or its employees or agents, or by those who allow their property to be used by a licensee or its employees or agents, shall not be unenforceable based on prohibitions of cannabis in federal law.

A financial institution is allowed to loan money to, accept deposits from, and otherwise do business with any licensee to the same extent as other persons, subject to any restrictions of the Act.

The State or local government is not to infringe upon a person’s right to own or possess a firearm or ammunition based on the person engaging in conduct permitted under the Act.

Under the Cannabis Control Act, the Nebraska Cannabis Enforcement Commission is created. The Commission would regulate and control the licensing of the cultivation, manufacture, distribution, and sale of cannabis in the state. The Commission would consist of 3 commissioners appointed by the Tax Commissioner and an executive director appointed by the Commission subject to the approval of the Tax Commissioner.

The Attorney General is to designate an assistant attorney general or assistant attorneys general, when requested by the commission and directed by the Tax Commissioner with the compensation of the attorneys to be paid by the office of the Attorney General.

The Commission and the Department of Agriculture, Department of Revenue (DOR), and Department of Health and Human Services (DHHS) are to work collaboratively in furtherance of the intent of the Act and to ensure that the cultivation, manufacture, distribution, and sale of cannabis in the state is conducted in accordance with the Act. The Commission is to adopt and promulgate rules and regulations on or before September 1, 2024 and can continue to do so after.

The Commission can request the State Fire Marshal to inspect any licensed premises or premises for which a licensee is sought for fire safety or may delegate the authority to make the inspections to qualified local fire prevention personnel.

The Act provides for licensing with the following classes: Cannabis store, cultivator, products manufacturer, testing facility, and transporter. The Act details fees associated with licensing. 20% of all licenses granted by the Commission are to be social equity applicants. The Commission in consultation with the Department of Economic Development, is to provide technical assistance and support to persons wishing to apply as social equity applicants in preparing applications and obtaining licensure.

On or before January 1, 2025, the Commission is to develop standards for approved training programs. At minimum, a program is to be taught in a classroom setting in a minimum of a two-hour period and is to include various other requirements pertaining to the role of the Commission and regulation of cannabis. A licensee can receive a responsible vendor designation after successfully completing an approved training program valid for two years.

Under the Act, the Commission, in consultation with the Department of Agriculture, shall develop a permitting system to allow pesticide manufacturers to obtain limited quantities of cannabis in order to conduct research to establish safe and effective protocols for the use of pesticides on cannabis.

The Act also creates the Cannabis Control Fund to consist of all fees, gifts, grants, and other money, excluding fines and civil penalties, received or collected by the Commission under the Act. The Fund would be used for the administration and enforcement of the Act. Transfers could be made from the Cannabis Control Fund to the General Fund at the direction of the Legislature.

An excise tax would be levied and collected on the first sale or transfer of unprocessed cannabis by a cannabis cultivator to a products manufacturer, a cannabis store, or an unaffiliated cannabis cultivator and would be credited to the Cannabis Control Fund. The tax would be at a rate of 15% of the average market rate of the unprocessed cannabis if the transaction is between affiliated licensees or the contract price for unprocessed cannabis if the transaction is between unaffiliated licensees. Amounts would be deducted from the Cannabis Control Fund necessary for the Commission to administer and enforce the Act. The remaining revenue collected from the excise tax would be credited as follows:

- 10% to the Department of Health and Human Services for drug education and treatment programs
- 10% to the Affordable Housing Trust Fund
- 80% to the Property Tax Credit Cash Fund

The Act provides penalties for violating its provisions. Persons, employers, schools, hospitals, detention facilities, corporations, or any other entity, whether public or private, who occupies, owns, or controls a property are allowed to prohibit or regulate the possession, consumption, use, display, transfer, distribution, sale, transportation, or cultivations of cannabis on or in that property. Additionally, local governing bodies can adopt and enforce ordinances as allowed under this Act.

LB 634 creates the Cannabis Conviction Clean Slate Act. Beginning June 1, 2024 a person would be automatically eligible for clean slate relief for qualified offenses involving cannabis. Eligibility for relief would be determined by the State Court Administrator.

The bill removes cannabis as a controlled substance, adds that a person's parental/custody/visitation/parenting time rights are not to be terminated for actions lawful under the Cannabis Control Act unless those rights can be taken away due to other factors listed, changes definitions, and harmonizes provisions.

The bill adds that sales tax is to be levied on sales of cannabis, by cannabis stores, to consumers at a rate of 15% with the proceeds credited the same as with the excise tax discussed above.

Finally, the bill adds that edible cannabis products sold under the Cannabis Control Act are subject to the Nebraska Pure Food Act to the same extent as other items of food.

The DOR estimates the following increases to Cash Fund revenue from this bill:

Fiscal Year	Property Tax Credit Cash Fund	Affordable Housing Trust Fund	Department of Health and Human Services
FY23-24	\$14,177,000	\$1,772,000	\$1,772,000
FY24-25	\$51,039,000	\$6,380,000	\$6,380,000
FY25-26	\$61,247,000	\$7,656,000	\$7,656,000
FY26-27	\$73,496,000	\$9,187,000	\$9,187,000

The DOR estimates a one-time charge for programming to be paid to the Office of the Chief Information Officer (OCIO) of \$830,172 for mainframe and web development costs. The DOR estimates additional annual maintenance costs of \$166,034. The DOR estimates that it will need 3.5 FTE of Revenue Agents for the first year and 1.5 permanently, 1 FTE of Accountant I, 1 FTE of IT Business System

Analyst (0.5 in subsequent years) to implement the excise and sales tax for the Act. However, due to the unclear nature of whether the Commission is part of DOR or independent, it is uncertain if DOR would incur even more costs. If the Commission is part of DOR, then additional costs would occur from this bill.

There is no basis to disagree with these estimates by the DOR.

The Department of Agriculture estimates no fiscal impact. There is no basis to disagree with this estimate.

The State Fire Marshal estimates a need for 1 FTE of Deputy Fire Marshal to handle additional inspections under this bill. However, the State Fire Marshal notes that it is difficult to estimate the number and types of inspections that will be completed and the revenue that would be gathered as a result. There is no basis to disagree with this estimate.

The Nebraska State Patrol estimates a need to staff and equip a cannabis section of the Crime Laboratory with 1 Forensic Laboratory Supervisor/Technical Leaders, and 7 Forensic Scientists starting July 1, 2024 with equipment for the lab. The Crime Lab also anticipates an increase in driving under the influence submissions so an estimate of 1 Forensic Scientist and equipment and Forensic Technician to handle the increase in submissions for this area has been made by the Nebraska State Patrol.

The Nebraska State Patrol also is charged by the FBI for background checks being done and collects fees from applicants for the background checks. Combined together this creates a \$60,000 annual inflow for the department.

The Nebraska State Patrol estimates a need for five additional employees with the added responsibility of sealing, processing, and managing records under the bill.

The Nebraska State Patrol estimates a need for new police service dogs to be properly trained on illegal substances that do not include legalized marijuana for a total of \$115,000.

The Nebraska State Patrol estimates lost revenue from the elimination of a tax on cannabis that is deposited into the Drug Control and Education Cash Fund in the estimated amount of \$150,993. The increase in revenue from background checks in the amount of \$90,500 amounts to a net decrease in revenue of \$60,493.

There is no basis to disagree with these estimates by the Nebraska State Patrol.

DHHS estimates a need for a Program Manager II and DHHS Program Specialist to establish and administer the drug education and treatment programs funded by this bill, to update staff guidance, and to administer the bill. There is no basis to disagree with this estimate by DHHS. The DOR has provided an estimate of projected revenue to DHHS as a result of this bill.

The Nebraska Department of Transportation estimates no fiscal impact from this bill. There is no basis to disagree with this estimate.

The Supreme Court estimates expenditures of an indeterminant amount due to the duties given to the State Court Administrator to provide clean slate relief with a minimum amount estimated to be \$250,000 at this time. Revenue also is estimated to increase an indeterminant amount with the addition of a filing fee from the bill. There is no basis to disagree with these estimates.

The Nebraska Department of Correctional Services estimates the bill could reduce the number of people in prison with the legalization of cannabis but the specific amount is indeterminable. There is no basis to disagree with this estimate.

The Nebraska Department of Economic Development estimates minimal fiscal impact as a result of its added responsibilities from the bill. There is no basis to disagree with this estimate.

The Nebraska Association of County Officials (NACO) estimates that counties would have additional powers and responsibilities from the bill. Counties would incur costs for hearings under the bill although NACO estimates the number of hearings required is unknown. Overall, NACO estimates an unknown fiscal impact from the bill. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue (016)
REVIEWED BY: Joe Wilcox	DATE: 02/08/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Revenue estimate of Potential Expenditure and Revenue Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Department of Agriculture (018)
REVIEWED BY: Joe Wilcox	DATE: 01/26/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Agriculture estimate of No Fiscal Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska State Fire Marshal (021)
REVIEWED BY: Joe Wilcox	DATE: 02/06/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska State Fire Marshal estimate of Potential Fiscal Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services (025)
REVIEWED BY: Joe Wilcox	DATE: 02/07/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services (DHHS) estimate of Potential Fiscal Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportations (027)
REVIEWED BY: Joe Wilcox	DATE: 02/07/2023	PHONE: (402) 471-4178
COMMENTS: No disagreement with the Nebraska Department of Transportation estimate of No Fiscal Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Supreme Court (005)
REVIEWED BY: Joe Wilcox	DATE: 02/06/2023	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Supreme Court estimate of Potential, but Indeterminate Fiscal Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Department of Correctional Services (046)
REVIEWED BY: Joe Wilcox	DATE: 02/07/2023	PHONE: (402) 471-4178
COMMENTS: No disagreement with the Nebraska Department of Correctional Services (NDCS) estimate of Potential, but Indeterminate Fiscal Impact to the Agency from LB 634.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Department of Economic Development (072)
REVIEWED BY: Joe Wilcox	DATE: 02/06/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Economic Development (DED) estimate of Minimal Fiscal Impact to the Agency from LB 634, which can be absorbed within existing Agency resources.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 634	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)
REVIEWED BY: Joe Wilcox	DATE: 02/01/2023	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Association of County Officials (NACO) estimate of Potential, but Indeterminate Fiscal Impact to the Counties from LB 634.		

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: Glen White		Phone: 471-5654				
Date Prepared: 02/07/2023						
FY 2023-2024		FY 2024-2025		FY 2025-2026		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$1,186,772	\$0	\$347,034	\$0	\$351,634	\$0
Cash Funds		\$17,721,000		\$63,799,000		\$76,559,000
Federal Funds						
Other Funds						
Total Funds	\$1,186,772	\$17,721,000	\$347,034	\$63,799,000	\$351,634	\$76,559,000

This synopsis addresses the LB 634 sections most relevant to the Nebraska Department of Revenue (DOR), it does not summarize every section of the bill. LB 634 adopts the Cannabis Control Act (Act). Under the Act, cannabis means all parts of the plant of the genus cannabis, whether growing or not, the seeds thereof, and every compound, manufacture, salt, derivative, mixture, extract, or preparation of such plant or its seeds. Cannabis includes cannabis in all forms, including, but not limited to cannabis products and concentrated cannabis.

Section 65 of the Act creates the Nebraska Cannabis Enforcement Commission (Commission). The Commission consists of three commissioners appointed by the Tax Commissioner, and as provided by the Act. The Tax Commissioner must appoint the commissioners on or before November 1, 2023. The Tax Commissioner has the power to remove a commissioner after an opportunity to be heard for malfeasance, misfeasance, or neglect. The Commission and the Department of Agriculture, Department of Revenue, and Department of Health and Human Services will work collaboratively to further the intent of the Act and to ensure the cultivation, manufacture, distribution, and sale of cannabis in this State is conducted in accordance with the Act.

On or before September 1, 2024, the Commission must adopt and promulgate rules and regulations necessary for several purposes enumerated under the Act.

Applications and Fees for LB 634 Licenses:

A person may apply for licenses to operate as a cannabis store, cultivator, products manufacturer, testing facility, or transporter under the Act. There are three tiers of cultivators licenses and subtypes of products manufacturer licenses. The Act limits the number of the following licenses:

- Cultivation
 - Tier 2 – 20
 - Tier 3 – 50

Major Objects of Expenditure

Class Code	Classification Title	23-24	24-25	25-26	23-24	24-25	25-26
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A07082	Information Technology Business Systems Analyst/Coordinator	1	0.5	0.5	\$62,300	\$32,700	\$33,500
R29222	Revenue Agent	3.5	1.5	1.5	\$148,300	\$66,700	\$68,400
A19011	Accountant I	1	1	1	\$35,000	\$36,700	\$37,600
	Benefits.....				\$81,000	\$44,900	\$46,100
	Operating Costs.....				\$830,172	\$166,034	\$166,034
	Travel.....						
	Capital Outlay.....				\$30,000		
	Capital Improvements.....						
	Total.....				\$1,186,772	\$347,034	\$351,634

- Products Manufacturers
 - Extraction Only – 4 per congressional district
 - Infusion only – 10 per congressional district
 - Extraction and Infusion – 20 per congressional district
- Cannabis Stores – 50 per congressional districts
- Testing Facilities – 10

Licenses not specifically listed are not subject to limits under the Act.

Applications under the Act may be submitted on the implementation date with the nonrefundable application fee and a refundable initial issuance fee.

The fees for application of initial issuance are \$9,000 for a cultivator tier 3; \$7,000 for cultivator tier 2 and extraction and infusion products manufacturers; \$5,000 for a cannabis store, cultivator tier 1, and products manufacturer extraction only and infusion only applicants; and a \$1,000 for testing facility and transporter applicants.

An initial issuance fee is due as follows \$4,400 for transporter; \$3,000 for cultivator tier 3; \$2,000 for cannabis store and cultivator tier 2; \$1,500 for cultivator tier 1, all products manufacturer applicants; and testing facility.

Renewal applications include the following fees: \$1,000 for cultivator tier 3 and extraction and infusion product manufacturers; \$500 cultivator tier 2; \$300 for a cannabis store, cultivator tier 1, products manufacturer for extraction only and infusion only, testing facility, and transporter. In addition, the renewal application includes an initial issuance fee of \$4,400 for transporters; \$3,000 for cultivator tier 3s and extraction and infusion products manufacturers; and \$1,500 for a cannabis store, cultivator, extraction only and infusion only products manufacturers, and testing facility. The application and licensing fees are remitted to the State Treasurer for credit as follows:

- 50% to the Cannabis Control Fund; and
- (b) 50% to the local governing body with jurisdiction over the licensee.

Beginning January 1, 2027 and on each fifth January 1st thereafter, the Commission must adjust the upper fee limit to reflect the five-year percentage change in the Consumer Price Index. Until January 1, 2026, the Commission may raise the application fees for the initial issuance of a license if it determines a greater fee is necessary to carry out its responsibilities under the Act. The increase will remain in effect beyond January 1, 2026, unless reduced by the Commission. A social equity applicant may apply for a 50% fee waiver as provided by the Act.

The Commission must notify the city clerk, village clerk, or county clerk of the local governing body in whose jurisdiction the license is sought and must include one copy of the application upon receiving the application for issuance or renewal of a license under the Act. No license may be issued or denied before expiration of the time for a recommendation of denial or objection requiring a hearing under the Act. The local governing body has 45 days to submit the recommendations to the Commission or, if no hearing is required and the Commission has no

objection, the Commission may waive the 45-day period. The Act provides the criteria for when the Commission may issue a license in Section 100. Twenty percent of all issued licenses must be granted to social equity applicants. Section 103 provides that the Commission may deny issuance and renewal applications for good cause and defines good cause. Section. 104 provides the persons who are prohibited from being issued or holding a license under the Act. A license is valid for one year after the date of issuance unless revoked or suspended under the Act or the rules and regulations promulgated thereunder.

Excise Tax

LB 634 imposes an excise tax on the first sale or transfer of unprocessed cannabis by a cannabis cultivator to a products manufacturer, cannabis store, or an unaffiliated cultivator to be collected by the Commission. The excise tax is levied at a rate of 15% of (a) the average market rate of unprocessed cannabis if the transaction is between affiliated licensees; or (b) the contract price of unprocessed cannabis if the transaction is between unaffiliated licensees. The excise tax is in addition to all other occupation or privilege taxes imposed by this State. The Act prohibits cities, villages, counties, or other political subdivisions from imposing an occupation tax on a licensee which annually exceeds two times the amount of the initial license fee required to be paid to the Commission by such licensee under this Act.

Every cannabis cultivator must file a return with the Commission by the 20th day of the month following the month reported and remit the amount of excise tax due with the return. Products manufacturers and cannabis stores are prohibited from accepting cannabis from a cultivator unless provided with evidence the excise tax was paid.

The Commission will collect the excise tax and account for and remit to the State Treasurer at least once each month all money collected pursuant to such tax for credit to the Cannabis Control Fund. The State Treasurer, after deducting amounts necessary for the Commission to administer and enforce the Act, shall credit the remaining revenues collected from the excise tax as follows:

- 10% to the Department of Health and Human Services for drug education and treatment programs;
- 10% to the Affordable Housing Trust Fund; and
- 80% to the Property Tax Credit Cash Fund.

LB 634 creates the Cannabis Control Fund, which includes all fees, gifts, grants, and other money, excluding fines and civil penalties, received or collected by the Commission under the Act. The Commission will use the Fund for administering and enforcing the Act, and it may be used to cover the items listed in Section 171. The Legislature may direct transfers from the Fund to the General Fund.

Sales Tax:

LB 634 provides that the rate of sales tax levied under § 77-2703 is 5.5%, except the rate of the sales tax levied on sales of cannabis by cannabis stores to consumers under the Act is 15%.

LB 634 amends Neb. Rev. Stat. § 77-27,132 to require the State Treasurer to credit the proceeds from the 15% sales and use tax imposed on the sale of cannabis by cannabis stores as follows:

- 10% to the Department of Health and Human Services for drug education and treatment programs;
- 10% to the Affordable Housing Trust Fund; and
- 80% to the Property Tax Credit Cash Fund.

Changes to the Marijuana and Nebraska Controlled Substances Tax

LB 634 eliminates marijuana from the Nebraska Marijuana and Controlled Substances Tax Act in Neb. Rev. Stat. §§ 77-4301 et seq. In addition, LB 634 changes the name of the Nebraska Marijuana and Controlled Substances Tax Act to the Controlled Substances Tax Act, and the name of the fund in Neb. Rev. Stat. § 77-4310.02 to the Controlled Substances Tax Administration Cash Fund.

Using data from the Colorado Department of Revenue adjusted for relative population sizes along with comparisons to data from other states, the Department of Revenue estimates the following increases in revenue:

Fiscal Year	Property Tax Credit Cash Fund	Affordable Housing Trust Fund	Department of Health and Human Services
FY23-24	\$14,177,000	\$1,772,000	\$1,772,000
FY24-25	\$51,039,000	\$6,380,000	\$6,380,000
FY25-26	\$61,247,000	\$7,656,000	\$7,656,000
FY26-27	\$73,496,000	\$9,187,000	\$9,187,000

LB 634 would require a one-time programming charge of \$830,172 paid to the OCIO for mainframe and web development costs. Maintenance of these systems is estimated at \$166,034 in subsequent years. The DOR will need 3.5 FTE Revenue Agent FTEs for the first year and 1.5 permanently, 1 FTE of accountant, 1 IT Business System Analyst (0.5 in subsequent years) to implement the excise and sales tax for the Act.

Furthermore, it is unclear that the newly created commission is part of DOR or an independent commission. If it is part of DOR then we will need additional resources, including staff, which is not included in the costing above, to perform the duties require in the Act.

The operative date for this bill is three months after the session ends.

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2023

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Ashley Dempsey Date Prepared: ⁽⁴⁾ 1/25/2023 Phone: ⁽⁵⁾ 402-429-2487

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2023

LB⁽¹⁾ 634

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Fire Marshal

Prepared by: ⁽³⁾ Regina Shields/Deb Hostetler

Date Prepared: ⁽⁴⁾ 02/01/23

Phone: ⁽⁵⁾ 402-471-9477

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>146,500</u>	<u> </u>	<u>115,215</u>	<u> </u>
CASH FUNDS	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>
FEDERAL FUNDS	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>
OTHER FUNDS	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>
TOTAL FUNDS	<u><u>146,500</u></u>	<u> </u>	<u><u>115,215</u></u>	<u> </u>

Explanation of Estimate:

LB 634 would adopt the Cannabis Control Act. As a part of this Act the commission may request the Agency to inspect any licensed premises or premises for which a license is sought for fire safety. A licensed premise can include facilities that cultivate, manufacture, distribute, sell, or test cannabis. This definition will encompass a wide variety of possible inspection types which dictates the time and expertise needed to conduct the inspections. There is no way to positively know how many facilities or what type of facilities may need inspections. The Agency can set an inspection fee, but without knowing the number and types of inspections, it is unknown how much will be generated.

The Agency will add one inspection deputy to handle this new inspection program. The duties of processing the reports, collection of the fees, and issuance of certification will be absorbed by existing staff. In FY 23-24 the cost for this position (wages, benefits, operating and training) will be \$146,500; In FY 24-25 it will be \$115,215.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Deputy Fire Marshal	<u>1</u>	<u>1</u>	<u>48,880</u>	<u>52,546</u>
Benefits.....			<u>34,392</u>	<u>36,274</u>
Operating.....			<u>46,883</u>	<u>10,050</u>
Travel.....			<u>16,345</u>	<u>16,345</u>
Capital outlay.....			<u>0</u>	<u>0</u>
Aid.....			<u>0</u>	<u>0</u>
Capital improvements.....			<u>0</u>	<u>0</u>
TOTAL.....			<u><u>146,500</u></u>	<u><u>115,215</u></u>

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

2023

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Carol Aversman Date Prepared: ⁽⁴⁾ 2/6/2023 Phone: ⁽⁵⁾ 402-471-4545

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$22,304		\$3,291,211	
CASH FUNDS			(\$60,493)	(\$60,493)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$22,304</u>		<u>\$3,230,718</u>	<u>(\$60,493)</u>

Explanation of Estimate:

LB 634 adopts the Cannabis Control Act and the Cannabis Conviction Clean Slate Act. The portion of the bill related to the Cannabis Control Act legalizes marijuana for individuals aged 21 years and above. The Cannabis Conviction Clean Slate Act provides for certain reliefs related to certain marijuana related convictions. The effects of this change will have multiple layers of impact to the Nebraska State Patrol. Areas impacted include (1) the State Patrol Crime Laboratory, (2) the Criminal Identification Division, (3) the Police Service Dogs Division, and (4) the revenues that the Agency receives from Drug Tax Stamp purchases that are deposited in the Drug Control and Education Cash Fund.

Impact to the Nebraska State Patrol Crime Laboratory

This bill will have a significant impact on the Nebraska State Patrol Crime Laboratory. LB 634 allows for the possession and use of cannabis plant material and products with delta-9 tetrahydrocannabinol concentrations higher than those specified for hemp. Visual examination cannot differentiate hemp and hemp products from high delta-9 THC cannabis and cannabis products. It will make high delta-9 concentration cannabis and cannabis products readily available to a large portion of the public but set age (illegal for minors) and quantity limits for possession. Similar limits do not exist for hemp and hemp products. Due to the criminal penalties associated with cannabis in LB 634, while allowing wide availability, the crime laboratory estimates there could be a very significant increase in the number of samples requiring testing to determine legality to possess. This estimation is based on the increase that was seen when the hemp bill was enacted. 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 634). Additional instrumentation and methodology will require validation to test all types of substances listed in LB 634 and because the weight of substances specifically excludes any other ingredients combined with cannabis, a full quantitation would be required rather than the more efficient semi-quantitative method. 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 and information support that semi-quantitative 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 634, if no mitigation of testing requirements for violations of the set limits exists, the crime laboratory will need to create an additional section devoted solely to testing of cannabis substances. 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 due to the need to constantly switch instrument programs and extraction and sampling techniques. To properly staff and equip a cannabis section the crime laboratory will require 1 Forensic Laboratory Supervisor/Technical Leader, and 7 Forensic Scientists. The costs for these employees is reflected as beginning on 7/1/24. The equipment needed for these scientists will include 8 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.

Additionally, the Crime Lab anticipates an increase in driving under the influence submissions which will impact the Toxicology Section. The Crime Lab is currently the only laboratory providing toxicology services in Nebraska, so this impact will require additional resources in this section as well. An estimate of 1 additional forensic scientist in this section has been included in the fiscal note, beginning on 7/1/24. The equipment needed for this scientist includes 1 Immuno-Assay Screening instrument and 1 Gas Chromatograph/Mass Spectrometer.

The Crime Lab also estimates that the increase in submissions will require 1 Forensic Technician to handle the increase in submissions of evidence and managing that evidence until it can be thoroughly tested and returned to the submitting agency. The fiscal note includes the cost of this added personnel beginning on 3/1/24.

As described above, multiple pieces of lab equipment will be required to meet the anticipated demands of LB 634. The 8 Gas Chromatographs have been included in the Fiscal Note at a cost of \$360,000. The 5 Gas Chromatograph/Mass Spectrometers are reflected at a cost of \$750,000. 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. Maintenance contracts for the additional lab equipment is estimated at an annual ongoing cost of \$132,697 beginning in the second year. The cost to establish and furnish workstations and to set-up the laboratory space has been estimated at \$44,000. 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.

Note that the current facility expansion plan did not include the space needed for creation of a cannabis section. An increase in the planned facility will be required to house the staff and instrumentation for this section. Construction will extend beyond the first fiscal year, and possibly beyond the second. Accordingly, carryover of funding into subsequent fiscal years will be necessary.

Impact to the Nebraska State Patrol Criminal Identification Division

The Marijuana Control Act requires that individuals applying for an initial license under this act submit two sets of legible fingerprints to be furnished to the Federal Bureau of Investigation through the Nebraska State Patrol for a national criminal history record check. They are also required to submit the fee required for this record check made payable to the State Patrol. This same requirement also exists for an application for issuance of an employment authorization. Note that employment authorizations are required for employees or agents of a licensee to include: (a) any natural person who possesses, cultivates, manufactures, tests, dispenses, sells, transports, or delivers marijuana as permitted by privileges of a license; (b) any natural person who has access to the inventory tracking system or point-of-sale system of a licensee; and (c) any natural person with unescorted access to a limited access area. The State Patrol's Criminal Identification Division estimates that 2,000 such background checks on applicants would be required to be processed initially per year. This amount could grow over time. The FBI fees that would be charged to the Agency for each background check (\$13.25 per check for a total of \$26,500) have been included as a cost in the fiscal note. The expenses for the Criminal Identification Division related to the Cannabis Control Act are reflected as beginning 7/1/24. Additional Revenues have also been reflected as fees are required to be paid by the applicants to the State Patrol at a cost of \$45.25 for each background check, totaling \$90,500 which will be deposited in the Nebraska State Patrol Cash Fund.

Under the Cannabis Conviction Clean Slate Act, beginning 7/1/24 individuals convicted of certain marijuana related crimes may automatically qualify for relief if certain requirements are met. Individuals may also petition for relief at any time. This relief would entail that a criminal justice agency respond to a public inquiry in the same manner as if there were no criminal history record information, and such criminal history information shall not be disseminated except in the limited circumstances as identified and defined in the Act. The State Court Administrator shall identify all individuals eligible for Clean Slate relief and shall notify the court of conviction or adjudication, who then is required to issue orders for Clean Slate relief.

The Act would require the Division to seal a substantial amount of records initially. It would also require the processing of potentially a large amount of arrest records monthly, on an ongoing basis. Additionally, individuals may petition to have their records sealed, which the Division would then also be required to process on an ongoing basis. These three activities will increase the need for staffing due to the amount of records that would be required to be flagged, processed and sealed.

In order to implement and administer the requirements of the Cannabis Control Act and the Cannabis Conviction Clean Slate Act, the Criminal Identification Division of the State Patrol estimates that a total of 5 full time positions would be required, beginning 7/1/24. These include information technology contractors to further develop and automate computer systems to efficiently process the volume, as well as a Program Manager and 2 Administrative Technicians. The fiscal note reflects the salaries, benefits, supplies, computers, and workstations needed for these 5 additional employees.

Costs are also included in the fiscal note for workstations and chairs for these employees at an estimated cost of \$20,000 and \$2,000, respectively. Other costs also included are supplies and the leasing of computers.

Law Enforcement Functions

The Agency also estimates that \$115,000 is needed for the purposes of acquiring new police service dogs that will need to be properly trained in regards to illegal substances that do not include legalized marijuana.

Drug Control and Education Cash Fund

The Agency is identified by statute as the recipient of a portion of the revenues collected by the Department of Revenue related to a tax on marijuana and controlled substances (Section 77-4303 Revised Statutes of Nebraska). It is also the recipient of restitution that has been paid, as ordered by the court in cases where such taxes have not been paid. The Agency estimates that 75% of the restitution collected and forwarded to the Agency is related to marijuana. These revenues are required to be deposited in the Drug Control and Education Cash Fund. Annual revenues in recent years have been approximately \$200,000. The legalization of marijuana would result in a reduction in this revenue estimated at \$150,993. These funds have historically been used to purchase vehicles and equipment for drug investigators and to purchase crime lab equipment needed for drug investigations. The Fiscal note reflects the reduction in revenues to this cash fund beginning 7/1/24, and the corresponding increase in General Funds to cover these expenses (drug investigator vehicle purchases and crime lab equipment).

Note that the decrease in Cash Fund Revenues reflected in the table in the Fiscal Note is a combination of a decrease in Revenues to the Drug Control and Education Cash Fund in the amount of \$150,993, which is offset by an increase in fee revenues from background checks to the Nebraska State Patrol Cash Fund in the amount of \$90,500 (as described in the section above titled “Impact to the Nebraska State Patrol Criminal Identification Division”). These two amounts combined, results in a net decrease totaling \$60,493 as shown in the table.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Nebraska State Patrol Forensic Scientist I		9		\$475,825
Nebraska State Patrol Forensic Technician	1	1	\$12,589	\$38,149
Administration Technician		2		\$67,966
NSP Program Manager		1		\$51,482
IT Applications Developer/Sr.		1		\$66,984
Benefits			\$1,579	\$266,155
Operating.....			\$3,176	\$701,045
Travel.....				
Capital outlay.....			\$4,960	\$1,563,112
Aid.....				
Capital improvements.....				
TOTAL.....			\$22,304	\$3,230,718

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 2-7-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$132,579	\$0	\$185,610	\$0
CASH FUNDS	\$0	\$0	\$0	\$0
FEDERAL FUNDS	\$0	\$0	\$0	\$0
OTHER FUNDS	\$0	\$0	\$0	\$0
TOTAL FUNDS	\$132,579	\$0	\$185,610	\$0

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

Explanation of Estimate:

LB 634 adopts the Cannabis Control Act and Cannabis Conviction Clean Slate Act, removes cannabis as a controlled substance under the Uniform Controlled Substances Act, and changes provisions relating to penalties for possession of a synthetic cannabinoid and drug paraphernalia.

This bill will legalize cannabis use and establishes the Nebraska Cannabis Enforcement Commission.

LB 634 establishes an excise tax of 15% at the point of first sale or transfer from a producer/cultivator to a products manufacturer, store, or unaffiliated cultivator. Of that excise tax, the Nebraska Cannabis Enforcement Commission will deduct the amount necessary to administer and enforce the Cannabis Control Act. Then 10% of the remaining funds will be distributed to the Department of Health and Human Services (DHHS) for drug education and treatment programs.

It is unknown what level of funding this would entail as both the aggregate tax amount and the commission’s operating costs are unknown.

DHHS estimates requiring one DHHS Program Manager II and one DHHS Program Specialist to establish and administer the drug education and treatment programs and to track the outcomes related to these activities. This staffing level would need to be reassessed once a revenue baseline is established.

Other duties assigned to these FTEs are to update the staff guidance regarding the visitation and the termination of parental rights, to adhere to the following: a person shall not be denied custody, visitation, or parenting time based solely on the fact that they engaged in conduct lawful under the Act unless it creates an unreasonable danger to the child or is otherwise contrary to the best interests of the child.

In addition, staff time will be necessary for participating in the group convened by the Nebraska Cannabis Enforcement Commission as defined in the bill.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
DHHS Program Manager II	0.75	1.00	\$45,621	\$63,869
DHHS Program Specialist	0.75	1.00	\$36,370	\$50,918

Benefits.....			\$28,697	\$40,175
Operating.....			\$21,891	\$30,648
Travel.....			\$0	\$0
Capital Outlay.....			\$0	\$0
Aid.....			\$0	\$0
Capital Improvements.....			\$0	\$0
TOTAL.....			\$132,579	\$185,610

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

2023

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Liza Alderman Date Prepared: ⁽⁴⁾ 2/6/23 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB 634 proposes the Cannabis Control Act which would allow a person in Nebraska to legally engage in the cultivation, manufacture, distribution, sale, and consumption of cannabis. The bill creates the Nebraska Cannabis Enforcement Commission for the purpose of regulating and controlling the licensing of the cultivation, manufacture, distribution, and sale of cannabis. The rate of sales tax on the sale of cannabis by cannabis stores to consumers under the Cannabis Control Act shall be fifteen percent. The proceeds of sales and use tax imposed on the sale of cannabis by cannabis stores is split as follows: ten percent to Dept. of Health and Human Services, ten percent to the Affordable Housing Trust Fund, and eighty percent to the Property Tax Credit Cash Fund.

If LB 634 is enacted, there would be no fiscal impact to NDOT.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 2/5/2023 Phone: ⁽⁵⁾ 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>See below</u>	<u> </u>	<u>See below</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>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate:

This fiscal note pertains only to sections 179 to 190 of LB634, the Cannabis Conviction Clean State Act. Other sections may have an impact on the Judicial Branch, such as section 198 concerning parental rights, but they are not addressed at this time.

General Fund expenditures will increase in order to implement the duties given to the State Court Administrator to provide clean slate relief. Modifications would be made JUSTICE, the court case management system. More information must be received in order to begin to determine even a reasonable fiscal impact. However, preliminary review of LB634 requirements result in a minimum FY24 General Fund estimate of \$250,000.

Revenue would also increase from the filing fee, established in section 185. An estimate of the amount of revenue cannot be determined at this time. It is assumed that, given all the duties stated in LB634, the fee would be the \$40 maximum. Note that LB634 does not state where fee revenue is to be deposited. It would also need to be appropriated before it could offset any cost.

Note. This fiscal note may be amended at a later date if the Judicial Branch is able to receive more information regarding the intent of some language within LB634.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.....
Capital improvements.....
TOTAL.....

_____	_____
_____	_____
_____	_____
_____	_____

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

2023

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Lisa Stanton Date Prepared: ⁽⁴⁾ 01/24/2023 Phone: ⁽⁵⁾ (402)479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB 634 adopts the Cannabis Control Act and the Cannabis Conviction Clean Slate Act. The bill could reduce the number of persons in prison. The specific amount of impact is indeterminable.

Between 2019 and 2022, there were 322 admissions to NDCS that included a marijuana related offense. Over the past 4 years, there has been a decline in the number of admissions related to marijuana.

Admissions for marijuana related offenses:

Received Year	Count of admissions
2019	116
2020	76
2021	70
2022	60

Among the individuals admitted with a marijuana related offense, 64 individuals had convictions related to marijuana possession. Possession of marijuana was the only conviction for 25 of the 64. All 25 were convicted for possession over 1lb of marijuana.

As of December 2022, the average daily prison population (ADP) was 147% of design capacity. The FY22 per diem cost was \$28.38 for each inmate, or \$10,358.63 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/3/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB634 adopts the Cannabis Control Act and the Cannabis Conviction Clean Slate Act. The bill also establishes the Nebraska Cannabis Enforcement Commission (NCEC). The Department is to assist the NCEC in determining if an area meets the definition of a 'disproportionately impacted area' according to certain economic criteria.

Any costs for DED due to the provisions of LB634 are minimal and can accomplished with current staff and resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

LB⁽¹⁾ 634

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/26/2023 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB634 would adopt the Cannabis Control Act and Cannabis Conviction Clean Slate Act. Within the Acts, there are various additional powers, requirements and provisions that would impact county officials, including county clerks and county attorneys. The Nebraska Cannabis Enforcement Commission (commission) would be required to notified the county clerk of the local governing body in whose jurisdiction the license is sought from an applicant for issuance or renewal. The governing body (county board) would be authorized to submit recommendations to the Commission for issuance or renewal. A county board may adopt ordinances regulating state licensees that are more strict than those set forth in the Cannabis Control Act. Standards that could be addressed are provided within the bill.

County boards would have power, functions and duties with respect to licenses. Included within such duties would be the requirement to hold a hearing upon receipt from the commission. Additional costs for holding a hearing would be necessitated, including for publication of notice and mailing costs. Further, residents of the county would be able to file a complaint stating any licensee subject to its jurisdiction has been or is violating the Cannabis Control Act. If the county board is satisfied the complaint substantially charges a violation, it shall hold a hearing and provide notice. A median sample of large, medium and small population group counties was surveyed regarding what the average costs (including for example: rental hall, publication of notice (additional if minutes needed), mileage of board members, personnel costs) to a county for hearings are.

In a medium population county, costs estimated were around \$400 to hold a hearing. Expenses would vary depending on location of hearing (size needs to accommodate crowd), staff time needed for preparing for and length of the hearing, as well as the number of hearings to be held. In a small population county, costs estimated for approximately \$175 - \$226 per hearing or \$1,400 per hearing in another small population county.

The overall fiscal impact to counties and county offices is unknown, largely because the number of hearings that would be required is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____