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LB 273

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised for the 2002 Legislative Session.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2002-03		FY 2003-04	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	3,000	See below	3,000	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 273 would permit the cultivation, processing and sale of industrial hemp in Nebraska. The Department of Agriculture would license and regulate the production of industrial hemp. The agency would issue licenses, inspect industrial hemp production facilities and test industrial hemp for tetrahydrocannabinol levels. LB 273 requires that a testing fee of \$5 per acre be assessed on each license applicant, with a minimum total fee of \$150 assessed on each applicant. Testing fees would be deposited in the Industrial Hemp Licensure Fund, which would be used to offset the costs of testing and compliance monitoring.

The Department of Agriculture estimates a total program administration cost of approximately \$10,000. It is estimated that \$3,000 in cash fund revenue could be received as a result of the testing fee. The revenue could be used to offset the estimated \$3,450 in operating, equipment and travel expenses associated with the program. The agency further estimates that existing laboratory, administrative and inspection staff could be used to carry out the program. The total salary and benefit expenditures for the time that these individuals would spend on the program is estimated to total \$5,858 annually. The agency fiscal note assumes that funding for the time that these individuals would spend on the industrial hemp program would come from the General Fund. The need for General Funds depends upon whether the positions are currently funded from other dedicated cash funds that could not be used to support activities of the industrial hemp program. If the positions are currently funded from other dedicated cash funds, it would be necessary to provide additional General Funds to pay for expenses related to LB 1079. Salary expenditures in the other dedicated cash funds would be decreased by a corresponding amount.

The Nebraska State Patrol notes that the State Patrol laboratory, in testing for illegal marijuana, would have to test to determine if the substance was industrial hemp or an illegal substance. Current agency testing procedures do not address tetrahydrocannabinol levels. The agency states that the potential for additional testing and the need for more sophisticated testing devices would require the purchase of new equipment and the addition 6 FTE laboratory staff. The agency estimates a total cost of \$443,500 General Funds in FY2002-03 and \$236,875 General Funds in FY2003-04.