

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below	See below	See below	See below
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 1001 would recognize industrial hemp as an oilseed and permit individuals in Nebraska to grow industrial hemp for commercial purposes. Individuals would be required to apply to the Department of Agriculture for a license and provide fingerprints to the Nebraska State Patrol. The State Patrol would conduct a criminal history check and issue a report to the Department of Agriculture. Approved licensees would provide documentation to the Department of Agriculture that the industrial hemp seeds were a variety certified to have no more than 1% tetrahydrocannabinols and a copy of a contract to grow industrial hemp.

The Department of Agriculture would be allowed to adopt rules and regulations for industrial hemp testing and to allow for supervision of industrial hemp growing and harvesting. The agency would be directed to assess each licensee a fee of \$5 per acre, with a minimum fee of \$150. Fees would be remitted to the Industrial Hemp Licensure Fund.

The fiscal impact of LB 1001 would include:

Department of Agriculture expenses and revenues – The Department of Agriculture will require staff time to establish rules and regulations, application forms and to monitor compliance with provisions of the act. It is estimated that initial costs to develop rules and regulations and program application forms could be carried out by existing agency staff. While there may be applications to receive licenses, the extent of industrial hemp cultivation by private individuals in the near term is not known. Under provisions approved in the 2014 Farm Bill, industrial hemp may be cultivated for research and pilot program purposes by higher education institutions and state agriculture departments in states where the cultivation of industrial hemp is legalized.

State Patrol expenses and revenues – The Nebraska State Patrol would incur expenses if individuals made an application to cultivate industrial hemp. The agency would undertake a criminal history search and transmit fingerprints to the FBI. The costs of the Nebraska State Patrol would depend upon the number of applicants seeking a license and the expenses would be offset by charges assessed upon each background check. Total expenses and offsetting revenues for this purpose would depend upon the number of applicants, but are estimated to total less than \$5,000 per year.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1001	AM:	AGENCY/POLT. SUB: Department of Agriculture
REVIEWED BY: Cindy Miserez	DATE: 02/11/2014	PHONE: 402-471-4174
COMMENTS: The Department of Agriculture’s statement of fiscal impact for LB1001 appears reasonable based on the assumptions provided.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1001	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Cindy Miserez		DATE: 01/27/2014	PHONE: 402-471-4174
COMMENTS: I concur with the University of Nebraska's conclusion of no fiscal impact for LB 1001.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1001	AM:	AGENCY/POLT. SUB: Nebraska State Patrol	
REVIEWED BY: Cindy Miserez		DATE: 01/30/2014	PHONE: 402-471-4174
COMMENTS: The Nebraska State Patrol's fiscal analysis is based on a projected range of participation. I have no basis to disagree with the projected range of participation and the analysis of LB1001 based on that appears reasonable.			

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

2014

LB⁽¹⁾ 1001

FISCAL NOTE

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

Prepared by: ⁽³⁾ Robert Storant Date Prepared: ⁽⁴⁾ 02/10/2014 Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>12,375</u>	<u></u>	<u>20,770</u>	<u></u>
CASH FUNDS	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>27,375</u>	<u>15,000</u>	<u>35,770</u>	<u>15,000</u>

Explanation of Estimate:

LB 1001 would allow for the planting, growing and harvesting of industrial hemp and to exempt industrial hemp from the Uniform Controlled Substances Act. Persons growing industrial hemp would have to apply to the Department for a license certify seeds grown have no more than one percent tetrahydrocannabinol (THC) and provide any contract that they may have in place to grow industrial hemp. They would also be required to provide the names of the persons to whom the industrial hemp was sold or distributed to.

It is indeterminable how many producers would begin growing industrial hemp and it is assumed markets and price will determine how many producers and number of acres planted. For purpose of this fiscal note the revenue and cost is based on 100 producers and 2,500 acres planted. This would generate approximately \$15,000 in revenue to the Industrial Hemp Licensure Fund created in the bill. The fee revenue does not include the applicant payment for actual cost of the finger printing and criminal background check. It is assumed this would be billed directly by the State Patrol to the applicant. Since the bill does not have an emergency clause, the bill and rules and regulations will not have a full fiscal year impact on FY 2014-15

The department shall adopt Rules and Regulations to allow the industrial hemp to be tested during the growth stage for THC levels and to allow for supervision during its growth and harvest. Included in the operating cost is a projected onetime cost of \$3,000 that will cover additional staff time and expenses required to adopt the Rules and Regulations. It is anticipated the Rules and Regulations will be adopted in FY 14-15.

There will be an increase in inspector time to conduct routine and followup inspections. The fiscal estimate includes adding an additional .5 FTE to the current Noxious Weed Program inspection staff during the summer months and cross utilize existing 3.0 FTE's staff from the current Noxious Weed Program. Location and number of producers will determine the location and if a .5 FTE is sufficient to handle the work load. There will also be additional travel and operating cost. It is anticipated approximately 50 samples will be tested on an annual basis. The actual number tested will be determined based on the final Rules and Regulations adopted. Included in the fiscal note is cost for .1 FTE Chemist II position.

Administrative time of a .2 FTE is also included in the cost for a Staff Assistant to handle the application forms, license fees, documentation required to be filed related to type of seeds planted, notification of distribution of industrial hemp and names of persons the product was sold to.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Agriculture Inspection Specialist II	<u>.25</u>	<u>.5</u>	<u>7,515</u>	<u>15,030.00</u>

Chemist II and Staff Assistant I	.3	.3	9,060	9,240
Benefits.....			5,800	8,500
Operating.....			4,000	1,000
Travel.....			1,000	2,000
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			27,375	35,770

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2014

LB⁽¹⁾ 1001

**FISCAL
NOTE**

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 22, 2014 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</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 bill authorizes industrial hemp. Section 3 provides an exception for certain University employees and therefore there is no fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			=====	=====

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2014

LB⁽¹⁾ 1001 (Revised Fiscal Note)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Carol Aversman

Date Prepared: ⁽⁴⁾ 02-07-2014

Phone: ⁽⁵⁾ 402-479-4945

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$1,450 - \$68,590	\$3,800- \$88,920	\$1,450 - \$61,090	\$3,800 - \$88,920
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,450- \$68,590	\$3,800 - \$88,920	\$1,450 - \$61,090	\$3,800 - \$88,920

Explanation of Estimate:

LB 1001 would allow for the licensure of individuals to grow industrial hemp for commercial purposes upon application to the Department of Agriculture. Each applicant would be required to provide fingerprints to the Nebraska State Patrol. The Patrol will be required to undertake a search for criminal history record information, including the transmittal of fingerprints to the Federal Bureau of Investigation. The Nebraska State Patrol has provided a range of Expenditures and Revenues for FY 2014-15 and FY 2015-16 based on the assumption that a given percentage of Nebraska farms and their owners will apply for such permits. The above estimates assume a range of 100 farms to 5% of all Nebraska farms for FY 2014-15 and a range of 100 farms to 5% of all Nebraska farms for FY 2015-16. The base of 46,800 Nebraska farms (NE Dept. of Agriculture 2011 statistics) was utilized in arriving at estimated background checks for the 5% estimate of 2,340 farms. Revenues were projected based upon the above mentioned ranges at \$38 per background check. Additional Agency FTE's needed to process this increase in volume are estimated to be 0 for the 100 farms scenario and 1.0 (3 part-time employees) for the 5% scenario. Because the increased FTEs are considered to be part-time employees working less than 50% of the work week, it has been assumed that they will not be eligible for benefits. In addition to some up-front capital outlays for technology and workstations, there is also an operating expense for fees that must be paid to the FBI at \$14.50 per background check.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
State Patrol Fingerprint Technicians	0 - .35	0 - .35	\$0 - \$10,138	\$0 - \$10,138
State Patrol Staff Assistant I	0 - .30	0 - .30	\$0 - \$8,468	\$0 - \$8,468
State Patrol CID Records Tech.	0 - .35	0 - .35	\$0 - \$8,554	\$0 - \$8,554
Benefits.....			\$0 - \$0	\$0 - \$0
Operating.....			\$1,450 - \$33,930	\$1,450 - \$33,930
Travel.....				
Capital outlay.....			\$0 - \$7,500	
Aid.....				
Capital improvements.....				
TOTAL.....			\$1,450 - \$68,590	\$1,450 - \$61,090

