

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include agency response.

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2024-25 | | FY 2025-26 | |
| | 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.

This bill establishes the Cannabis Control Act, the Cannabis Conviction Clean Slate Act, removes cannabis as a controlled substance under the Uniform Controlled Substances Act, and harmonizes related provisions of statute. LB 52 is similar to previous proposals, notably [LB 634 \(2023\)](#). The fiscal note for LB 634 (2023) will be referenced in this estimate.

The Cannabis Control 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.

Section 65 creates the Nebraska Cannabis Enforcement Commission (Commission) for the purpose of regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, and sale of cannabis in the state. The bill states the Commission shall consist of three commissioners appointed by the Tax Commission based on their experience in public health, law enforcement, social justice, regulation of business or commodities, and matters related to cannabis to be paid an annual salary of \$12,500 plus expense reimbursement. The Commission must meet monthly and may hold special meetings as necessary. No more than two commissioners shall be of the same political party and no more than two commissioners shall be residents of the same congressional district. The commissioners shall appoint an executive director, subject to approval of the Tax Commissioner, who shall conduct the business of the Commission in Lincoln with permission to establish branch offices elsewhere with approval of the Tax Commissioner. The Commission may with the advice and approval of the Tax Commissioner, employ a chief investigator and other investigators to aid in enforcement of the Cannabis Control Act.

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, 2025 and can continue to do so after.

The bill states that the Attorney General shall designate one or more assistant attorneys general to provide legal services to the Commission and that the Commission may request the State Fire Marshal to inspect any licensed premises or premises for which a license is sought for fire safety, for which the Fire Marshal may impose a fee on the license seeker.

Section 98 specifies application fees and initial issuance fees and renewal fees that the Commission shall impose by type of license. The total due at initial application ranges from \$12,000 for a Tier 3 cultivator to \$2,500 for a Cannabis Testing Facility. Total due at renewal ranges from \$4,700 for Transporters to \$1,800 for Cannabis Stores, Tier 1 Cultivators, Extraction-Only Manufacturers, Infusion-Only Manufacturers, and Testing Facilities. The bill specifies when the Commission may increase or waive application fees, specifically the Commission may waive 50% of application or renewal fees if they qualify as a social equity applicant as defined in the bill.

Section 171 creates the Cannabis Control Fund to consist of all funds collected by the Commission under the Cannabis Control Act and specifies that the new fund shall be used for administration and enforcement of the Cannabis Control Act. Transfers from the Fund to the General Fund may be made at the direction of the Legislature.

Section 173 specifies that an excise tax shall be collected on the first sale or transfer of unprocessed cannabis by a cultivator to a products manufacturer, a cannabis store, or unaffiliated cultivator. The tax shall be 25% of either (1) the average market rate of the unprocessed cannabis if the transaction is between affiliated licenses or (2) the contract price for unprocessed cannabis if the transaction is between unaffiliated licensees.

The excise tax shall be in addition to any occupation taxes imposed by Nebraska or any political subdivision. Section 177 specifies that the Commission shall collect the excise tax and shall 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. After deducting the amounts necessary for the commission to administer and enforce the Cannabis Control Act the State Treasurer shall credit the remaining revenue collected from the excise tax to the Education Future Fund.

The Cannabis Conviction Clean Slate Act specifies qualifying cannabis offenses that will be automatically eligible for clean slate relief beginning January 1, 2025. The Clean Slate Act contains permissive language that allows the State Court Administrator to adopt and promulgate rules and regulations necessary to carry out the Act. For LB 634 (2024), the Supreme Court indicated needed at least \$250,000 in General Funds to implement the Clean Slate Act. This funding would be used to modify the JUSTICE system and processing requests. Revenue to the Supreme Court would also increase due to the provisions that allows the court to charge a filing fee of up to \$40 to recoup the costs of administering the Clean Slate Act. In order for the agency to be able to expend the filing fees the funds would have to be directed to a specific cash fund and appropriated to the agency for expenditure.

The bill specifies that using or possessing cannabis shall not be a criminal offense and possession of items related to cannabis shall not be considered drug paraphernalia. The bill clarifies that parental rights including custody, visitation, and parenting time shall not be terminated for actions that are lawful under the Cannabis Control Act without clear, convincing, and articulable evidence that such actions created an unreasonable danger to the safety of a minor child.

Statutes pertaining to Nebraska Rules of the Road are amended to expand the definition of an open container to include containers of both alcoholic beverages and cannabis products. The Nebraska Clean Indoor Air Act is amended to include cannabis smoke and cannabis vapor within the definitions of smoke and smoking. The bill specifies that edible cannabis products sold under the Cannabis Control Act are subject to the Nebraska Pure Food Act.

Neb. Rev. Stat. § 77-2701.02 is amended to include a 25% sales tax on sales of cannabis under the Cannabis Control Act beginning July 1, 2024 and Neb. Rev. Stat. § 77-27,132 is amended to specify that the proceeds of the sales tax on cannabis shall be credited to the Education Future Fund. The bill harmonizes provisions of Neb. Rev. Stat. § 77-4301 to remove references to marijuana and removes § 77-4303(1)(a) which provides for a \$100 per ounce tax on marijuana.

For the purpose of estimating a fiscal impact, we assume the Cannabis Enforcement Commission would, when fully implemented, incur an equivalent level of expenses as the Liquor Control Commission which expended \$2.5m in the most recent fiscal year. We anticipate the new commission will need approximately \$1m in FY25, \$2m in FY26, and \$2.5m in FY27 and subsequent fiscal years.

The following estimate of increased revenue (combined excise and sales tax) uses data from the Colorado Department of Revenue, adjusted for relative population size, assumes staged implementation of the provisions of the bill, and an initial operational date of January 1, 2025. The revenue from fees for various licenses and fees collected from are not accounted for in this estimate due to uncertainty in number of applications and/or regulation violations. Note that increased numbers of licensee would yield additional revenue which would be used to cover increased operational expenses of overseeing the additional licensees.

| | Total Cash Fund Revenue | Cash Fund Expenses for Commission Operations | Transfers into the Education Future Fund |
|------|-------------------------|--|--|
| FY25 | \$ 29,535,000 | \$ 1,000,000 | \$ 28,535,000 |
| FY26 | \$ 106,331,667 | \$ 2,000,000 | \$ 104,331,667 |
| FY27 | \$ 127,598,333 | \$ 2,500,000 | \$ 125,098,333 |
| FY28 | \$ 153,116,667 | \$ 2,500,000 | \$ 150,616,667 |

The following estimates of expenses would necessitate changes to General Fund appropriations and are based on fiscal impact statements for LB 634 (2023). The Department of Revenue would incur additional expenses to administer the provisions of the bill. Expenses of DOR are front-loaded due to the cost to update systems. We anticipate DOR will need approximately \$1m in FY25 and \$350,000 in FY26 and subsequent fiscal years. The Courts anticipate needing \$250,000 to implement the Cannabis Conviction Clean Slate Act however it is assumed that those costs will not be ongoing therefore the additional funding would only be necessary in FY25. The State Patrol indicated increased expenses of up to \$3m due to changes to records management, newly trained police K9s, and new equipment for the crime lab. Alternatively, the Cannabis Control Act and Cannabis Conviction Clean Slate Act may yield General Fund savings to court and correctional operations at the State and County level however the estimate of savings due is indeterminable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 52 AM: AGENCY/POLT. SUB: Department of Agriculture
REVIEWED BY: Jacob Leaver DATE: 7/30/2024 PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Agriculture's estimate of no fiscal impact as a result of LB 52.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 52 AM: AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Jacob Leaver DATE: 7/31/2024 PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Economic Development's estimate of no fiscal impact as a result of LB 52.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 52 AM: AGENCY/POLT. SUB: Department of Correctional Services
REVIEWED BY: Jacob Leaver DATE: 7/31/2024 PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Correctional Services indeterminable fiscal impact as a result of LB 52.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 52 AM: AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Jacob Leaver DATE: 8/1/2024 PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Administrative Service's estimated fiscal impact as a result of LB 52.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 52 AM: AGENCY/POLT. SUB: State Patrol
REVIEWED BY: Jacob Leaver DATE: 8/1/2024 PHONE: (402) 471-4173
COMMENTS: Concur with the State Patrol's estimated fiscal impact to the agency as a result of LB 52.

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2024

LB⁽¹⁾ 52

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS)

Prepared by: ⁽³⁾ Sarah Skinner Date Prepared: ⁽⁴⁾ 7/29/2024 Phone: ⁽⁵⁾ 402-419-4229
Ann Martinez 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2024-25 | | FY 2025-26 | |
|---------------|------------------|------------------|------------------|------------------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>See below</u> | <u>See below</u> | <u>See below</u> | <u>See below</u> |

Explanation of Estimate:

LB 52, Sections 1-193, proposes the Nebraska Cannabis Legalization and Revenue Allocation Act (Act). The Nebraska Cannabis Control Commission is created to regulate and control the licensing of the cultivation, manufacture, distribution, testing, and sale of cannabis effective January 1, 2025.

If the Department of Revenue does not have adequate existing office space, the Department of Administrative Services – State Building Division (DAS-SBD) would have the responsibility of securing commercial office space for the executive director and any investigators or staff. DAS-SBD currently estimates 200 square feet for each new staff member at an estimated rate of \$26 per square foot for \$5,200 per year (200 sq ft X \$26 per sq ft = \$5,200 per year or \$2,600 for a partial fiscal year). Additional commercial space may be required if branch offices are opened as provided for in LB 52. DAS-SBD would request additional revolving fund spending authority to provide commercial space for the estimated staff of the new commission.

The Commission would be billed monthly by DAS-SBD for the amount of the commercial lease. Depending on space requirements there may be state-owned space available, but that is undeterminable at this time.

For enforcement of the Act, DAS – Transportation Services Bureau (DAS-TSB) would supply leased vehicles to the Commission, estimating the need for three vehicles based on recent requests. DAS-TSB would require \$13,178 each fiscal year in additional revolving fund appropriation to purchase the three new vehicles using the master lease program.

The current state contract for a 2024 compact sedan is \$21,963. \$21,963 cost per vehicle x 3 vehicles = \$65,889. \$65,889 / 60 monthly payments = \$1,098 per month or \$13,178 each fiscal year or \$6,589 for a partial fiscal year.

The DAS-TSB program would also need additional revolving fund appropriation of \$12,600 each fiscal year or \$6,300 for a partial fiscal year for the additional operational costs of the three new vehicles – fuel, repairs, insurance, etc.

Three vehicles at the 1,000 miles per month average = 36,000 miles per year for the three additional vehicles (1,000 miles x12 months = 12,000 miles x 3 vehicles = 36,000 miles)

36,000 miles x \$0.35 (current mileage rate) = \$12,600.

The Commission would be billed monthly for the cost to the lease and for actual miles driven.

The new Commission would also require one-time and on-going services from the DAS - Office of the Chief Information Officer (DAS-OCIO). The commercial space may require one-time network setup costs estimated to be \$1,500 per public servant plus monthly services for a phone, computer lease and other technology services estimated at \$264 per month per employee (\$264 X 12 = \$3,168 or \$1,584 for a partial fiscal year. The DAS/OCIO would request additional revolving fund spending authority to provide these one-time and on-going services. The Commission would be billed for the one-time and the monthly services.

| Revolving Fund Appropriation Estimate Per Public Servant over a 6-month Period | | |
|---|---------------------|----------------------|
| | Low Estimate | High Estimate |
| Office Space (est. 200 sq ft @ \$26 per ft) | \$2,600 | \$2,600 |
| 3 Leased Vehicles plus Mileage | \$12,889 | \$12,889 |
| Technology Fees (est. \$264 over 6-months plus one-time costs) | \$1,584 | \$3,084 |
| Total 6-Month Estimate | \$17,073 | \$18,573 |

| Revolving Fund Appropriation Estimate Per Public Servant over 12-month Period | | |
|--|---------------------|----------------------|
| | Low Estimate | High Estimate |
| Office Space (est. 200 sq ft @ \$26 per ft) | \$5,200 | \$5,200 |
| 3 Leased Vehicles plus Mileage | \$25,778 | \$25,778 |
| Technology Fees (est. \$264 over 12-months plus one-time costs) | \$3,168 | \$4,668 |
| Total 12-Month Estimate | \$34,146 | \$35,646 |

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25 EXPENDITURES</u> | <u>2025-26 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>24-25</u> | <u>25-26</u> | | |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

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2024

LB⁽¹⁾ 52

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 7/30/2024 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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:

LB52 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 LB52 are minimal and can be accomplished with current staff and resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</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.

2024

LB⁽¹⁾ 52

FISCAL NOTE

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

Prepared by: ⁽³⁾ Lisa Stanton Date Prepared: ⁽⁴⁾ 07/30/2024 Phone: ⁽⁵⁾ (402)479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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 52 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.

As of July 30, 2024, there were 75 unique individuals currently incarcerated with drug offenses only involving marijuana.

As of December 2023, the average daily prison population (ADP) was 141.94% of design capacity. The FY23 per diem cost was \$36.67 for each inmate, or \$13,383.33 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</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: 8/5/2024 | | Phone: 471-5896 | |
| | <u>FY 2024-2025</u> | | <u>FY 2025-2026</u> | | <u>FY 2026-2027</u> | | |
| | <u>Expenditures</u> | <u>Revenue</u> | <u>Expenditures</u> | <u>Revenue</u> | <u>Expenditures</u> | <u>Revenue</u> | |
| General Funds | \$586,034 | | \$232,727 | | \$232,727 | | |
| Cash Funds | | \$27,600,000 | | \$106,500,000 | | \$127,900,000 | |
| Federal Funds | | | | | | | |
| Other Funds | | | | | | | |
| Total Funds | \$586,034 | \$27,600,000 | \$232,727 | \$106,500,000 | \$232,727 | \$127,900,000 | |

LB 52 adopts the Cannabis Control Act (Act). The Act defines a number of terms including:

Cannabis: defined as “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.” It includes cannabis in all forms, including but not limited to, cannabis products and concentrated cannabis. The following are excluded from the definition: the mature stalks of such plant, and other plant products related to such mature stalks; hemp; oil or cake made from seeds of the plant; and cannabidiol contained in a drug product approved by the federal Food and Drug Administration. Cannabis does not include hemp.

Cannabis product: a product comprised of cannabis and other ingredients that is intended for use by consumption, other than by smoking; and includes, but is not limited to, edible products, concentrated cannabis, ointments, and tinctures. Edible cannabis products sold under the Act are subject to the Nebraska Pure Food Act to the same extent as other food items.

Cannabis accessories: means any equipment, products, or materials of any kind which are used, intended for use, or designed for use in: (1) Planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, consuming, smoking, vaporizing, or containing cannabis; or (2) Ingesting, inhaling, or otherwise introducing cannabis into the human body.

Cannabis store means a person licensed by the commission to:

1. Purchase cannabis from cultivators;
2. Purchase cannabis products from products manufacturers and other cannabis stores; and
3. Sell cannabis and cannabis products to consumers twenty-one years of age and older and to other cannabis stores.

Section 65 of the Act creates the Nebraska Cannabis Enforcement Commission (Commission). The Commission has exclusive power to regulate and control the licensing of the cultivation, manufacture, distribution, testing,

Major Objects of Expenditure

| <u>Class Code</u> | <u>Classification Title</u> | <u>24-25</u> | <u>25-26</u> | <u>26-27</u> | <u>24-25</u> | <u>25-26</u> | <u>26-27</u> |
|---------------------------|--|--------------|--------------|--------------|---------------------|---------------------|---------------------|
| | | <u>FTE</u> | <u>FTE</u> | <u>FTE</u> | <u>Expenditures</u> | <u>Expenditures</u> | <u>Expenditures</u> |
| X29222 | Revenue Agent | 1.0 | 1.0 | 1.0 | \$43,200 | \$43,200 | \$43,200 |
| A07012 | Information Technology Applications Developer/Senior | 1.0 | 1.0 | 1.0 | \$80,000 | \$80,000 | \$80,000 |
| S29112 | Revenue Op Clerk II | 1.0 | 1.0 | 1.0 | \$37,800 | \$37,800 | \$37,800 |
| | | | | | | | |
| Benefits..... | | | | | \$53,100 | \$53,100 | \$53,100 |
| Operating Costs..... | | | | | \$356,934 | \$18,627 | \$18,627 |
| Travel..... | | | | | | | |
| Capital Outlay..... | | | | | \$15,000 | \$0 | \$0 |
| Capital Improvements..... | | | | | | | |
| Total..... | | | | | \$586,034 | \$232,727 | \$232,727 |

processing, sale and traffic of cannabis in this State except as specifically delegated under the Act. The Commission consists of three commissioners appointed by the Tax Commissioner, and as provided by the Act for 4 years terms (except terms for initial commissioners are staggered). The Tax Commissioner must appoint the commissioners on or before January 14, 2025. 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.

The commissioners will appoint one member as chairperson. The chairperson presides over all official activities. The Commission will appoint an executive director, subject to approval by the Tax Commissioner. The executive director keeps a record of all proceedings, transactions, communications, and official acts. The Commission may expend for investigators, and clerical and other assistants as necessary. With approval by the Tax Commissioner, the Commission may employ a chief investigator and other investigators to aid in enforcement of and investigations under the Act. The Act outlines conditions for commissioners must meet and follow. Commissioner's salary shall not exceed \$12,500/year and is "fixed" by the Tax Commissioner. The Attorney General shall designate one or more assistant attorneys general, when requested by the Commission and directed by the Tax Commissioner whenever "demanded." Beginning January 1, 2027, the Commission is required to publish an annual report. On or before September 1, 2025, the Commission must adopt and promulgate rules and regulations necessary for several purposes enumerated under the Act.

Applications and Fees for LB 52 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 lists the following licenses and limits the number of the following licenses:

- Cultivator
 - Tier 2 – 20
 - Tier 3 – 40
- Products Manufacturer
 - Extraction Only – 4 per congressional district
 - Infusion only – 10 per congressional district
 - Extraction and Infusion – 20 per congressional district
- Cannabis Store – 50 per congressional districts
- Testing Facility – 10
- Transporter – limit not provided.

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 implementation date means a date selected by the Commission that is (a) after the Commission has adopted the rules and regulations necessary to carry out the Act; and (b) on or before January 1, 2025. The applications will be on the form and manner as required by the Commission and verified by oath and affirmation of the applicants as prescribed by the Commission. The Act provides when licenses will not be issued to or held by certain persons or licensees including: a licensee or former licensee who, during a period of licensure, or who, at the time of application, failed to file any tax return related to a licensee or failed to pay any taxes, interest, or penalties due, as determined by final agency action, relating to a licensee.

The Act defines cannabis store as a person licensed by the Commission to (1) purchase cannabis from cultivators; (2) purchase cannabis products from products manufacturers and other cannabis stores; and (3) sell cannabis and cannabis products to consumers 21 years of age and older and to other marijuana stores. Cultivator means a person licensed by the Commission to cultivate cannabis pursuant to the Act for sale to cannabis stores, to products manufacturers, and to other cultivators but not to consumers. Products manufacturer means a person licensed by the Commission to manufacture cannabis products pursuant to the Act for sale and distribution to cannabis stores and other products manufacturers, but not to consumers. Testing facility means a person licensed under the Act to analyze, test, and certify cannabis, including for potency and the presence of contaminants. Transporter means an entity or person that is licensed to transport cannabis from one licensee to another and to temporarily store the transported cannabis at its licensed premises, but which is not authorized to sell cannabis under any circumstances.

The fees for application and initial issuance are \$12,000 for a cultivator tier 3; \$9,000 for cultivator tier 2; \$8,500 for a extraction and infusion products manufacturers; \$7,000 for a cannabis store; \$6,500 for a cultivator tier 1, and products manufacturer extraction only and infusion only applicants; and a \$2,500 for testing facility; and \$5,400 for transporter applicants.

Renewal applications include the following fees: \$4,000 for cultivator tier 3 and extraction and infusion product manufacturers; \$2,500 cultivator tier 2; \$1,800 for a cannabis store, cultivator tier 1, products manufacturer for extraction only and infusion only, and testing facility; and \$4,700 for transporters. The application and licensing fees are remitted to the State Treasurer for credit as follows:

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

Beginning January 1, 2028 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, 2027, 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 effected 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 shall adopt and promulgate rules and regulations as necessary to carry out these provisions of the Act by September 1, 2025.

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 (see Sections 172-178)

Section 173 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 25% 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 it 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 to the Education Future Fund.

The Act defines “sale” in relation to the excise tax as “any exchange or barter, in any manner or by any means whatsoever, for consideration and “unprocessed cannabis” as “cannabis at the time of the first transfer or sale from a cannabis cultivator to a products manufacturer, a cannabis store, or an unaffiliated cannabis cultivator.” Average market rate means the average price, as determined by the Commission on a quarterly basis, of all unprocessed cannabis sold or transferred from cultivators in the State to products manufacturers or cannabis stores, less taxes paid on the sales or transfers. The Act also defines average market rate, consumer, contract price, and related interests.

Creates the Cannabis Control Fund (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 of LB 52. The Legislature may direct transfers from the Fund to the General Fund. Any money in the Cannabis Control Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sales Tax

Section 202 amends § 77-2701.02 and provides that the rate of sales tax levied under § 77-2703 on sales of cannabis by cannabis stores to consumers under the Act is 25%.

LB 52 eliminates cannabis sold under the Act from the definition of drug in § 77-2704.09. In addition, the definition of bundled transaction in § 77-2701.48 is amended to provide that a bundled transaction does not include the retail sale of exempt TPP and taxable TPP if (a) the transaction includes food and food ingredients, drugs, durable medical equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices, or medical supplies as such terms are defined in § 77-2704.09.

Amends § 77-27,132 to require the State Treasurer to credit the proceeds from the 25% sales and use tax imposed on the sale of cannabis by cannabis to the Education Future Fund.

Changes re: Marijuana and Nebraska Controlled Substances Tax

(§§77-4301 to 77-4316)

LB 52 strikes “marijuana” from §§ 77-4301 – 4306 & 77-4309 and adds the definition of “cannabis” as defined by the Cannabis Control Act. Changes the name of the fund in § 77-4310.03 to the Controlled Substances Tax Administration Cash Fund.

LB 52 also creates the Cannabis Conviction Clean Slate Act (see sections 179 -190).

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 (DOR) estimates the following fiscal impact:

| Fiscal Year | Education Future Fund |
|-------------|-----------------------|
| FY 24-25 | \$ 27,600,000 |
| FY 25-26 | \$ 106,500,000 |
| FY 26-27 | \$ 127,900,000 |
| FY 27-28 | \$ 153,400,000 |

LB 52 would require a one-time programming charge of \$356,934 paid to the OCIO for mainframe and web development costs. Maintenance of these systems is estimated at \$18,627 in subsequent years. DOR will need 1 FTE Revenue Agent FTE, 1 FTE Information Technology Applications Developer Senior, and 1 Revenue Operations Analyst II to implement the excise and sales tax for the Act.

Furthermore, it is unclear that the newly created commission is part of DOR, or it is 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 January 1, 2025.

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

2024

LB⁽¹⁾ 52

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jamie Page-Shuman Date Prepared: ⁽⁴⁾ 8/1/24 Phone: ⁽⁵⁾ 402-479-4908

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|---------------|---------------------|-------------------|---------------------|--------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | \$3,049,942 | | \$1,937,333 | |
| CASH FUNDS | (\$62,173) | (\$62,173) | (\$153,776) | (\$153,776) |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | <u>\$2,987,769</u> | <u>(\$62,173)</u> | <u>\$1,783,557</u> | <u>(\$153,776)</u> |

Explanation of Estimate:

LB 52 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, (4) the revenues that the Agency receives from Drug Tax Stamp purchases that are deposited in the Drug Control and Education Cash Fund and (5) the revenues that the Agency receives from Asset Forfeiture that are deposited in the Public Safety 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 52 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 52, 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 52). Additional instrumentation and methodology will require validation to test all types of substances listed in LB 52 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 52, 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 11/15/24, this date was provided by the legislature and is being used as the best estimate. 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 11/15/24. 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 11/15/24.

As described above, multiple pieces of lab equipment will be required to meet the anticipated demands of LB 52. 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 Cannabis 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 11/15/24. 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 11/15/24 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 11/15/24. 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 have been included for the purchase of an AFIS Idemia Workstation at \$70,000. 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 11/15/24, and the corresponding increase in General Funds to cover these expenses (drug investigator vehicle purchases and crime lab equipment).

Public Safety Cash Funds

The Agency estimates that 50% of the forfeiture cases relate to marijuana. Annual revenue in the most recent fiscal year was approximately \$186,000. The legalization of marijuana would result in a reduction in this revenue estimated at \$93,282. These funds have historically been used to purchase law enforcement equipment and fund a portion of the out of state travel for agency employees. The Fiscal note reflects the reduction in revenues to this cash fund beginning 11/15/24, and the corresponding increase in General Funds to cover these expenses.

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, and a decrease in Revenues to the Public Safety Cash fund in the amount of \$93,282, 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 \$153,776 as shown in the table.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2024-25 | 2025-26 |
|--|---------------------|-------|--------------|--------------|
| | 24-25 | 25-26 | EXPENDITURES | EXPENDITURES |
| Nebraska State Patrol Forensic Scientist I | 9 | 9 | \$318,509 | \$509,615 |
| Nebraska State Patrol Forensic Technician | 2 | 2 | \$51,072 | \$81,715 |
| Administration Technician | 2 | 2 | \$45,495 | \$72,792 |
| NSP Program Manager | 1 | 1 | \$34,462 | \$55,139 |
| IT Applications Developer/Sr. | 1 | 1 | \$47,073 | \$75,317 |
| Benefits..... | | | \$188,712 | \$301,939 |
| Operating..... | | | \$676,446 | \$687,040 |
| Travel..... | | | | |

| | | |
|---------------------------|-----------------------------|-----------------------------|
| Capital outlay..... | <u>\$1,626,000</u> | <u> </u> |
| Aid..... | <u> </u> | <u> </u> |
| Capital improvements..... | <u> </u> | <u> </u> |
| TOTAL..... | <u>\$2,987,769</u> | <u>\$1,783,557</u> |

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

2024

LB⁽¹⁾ 52 S1

FISCAL NOTE

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

Prepared by: ⁽³⁾ Ashley Dempsey Date Prepared: ⁽⁴⁾ 7/29/2024 Phone: ⁽⁵⁾ 402-429-2487

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |