



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 219** SLS 23RS 231
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 9, 2023	5:17 PM	Author: CATHEY
Dept./Agy.: State Police, Health, ATC, Agriculture and Forestry		Analyst: Kimberly Fruge
Subject: Revisions to Industrial Hemp, Consumable Hemp Products		

AGRICULTURAL COMMODITIES EG1 INCREASE GF EX See Note Page 1 of 2
 Provides relative to industrial hemp. (gov sig)

Proposed law makes revisions to the regulation of Industrial Hemp as follows: amends and enacts definitions including hemp-derived manufactured psychotropic cannabinoids and artificially-derived cannabinoid; provides for authorized age verification methods; amends the process for labeling products; amends the information that is included on the certificate of analysis for the application of registration; changes age limit for possession of consumable hemp from 18 to 21; provides for the process for verifying age for the sale of consumable hemp products.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase SGF and SGR expenditures by an indeterminable amount within the LA Department of Revenue, Office of Alcohol and Tobacco Control (ATC) and the Louisiana Department of Public Safety & Corrections (DPSC). Proposed law does not impact expenditures within the Louisiana Department of Agriculture & Forestry (LDAF) or Louisiana Department of Health (LDH).

Office of Alcohol and Tobacco Control (ATC): ATC estimates SGR expenditures will increase by \$537,071 in FY 24 (\$375,994 for personnel costs and a one-time expense of \$161,077 for equipment). Proposed law clarifies that industrial hemp does not include hemp-derived manufactured psychotropic cannabinoids. Under current law, hemp derived from manufactured psychotropic cannabinoids is allowed to be sold by licensed retailers. Proposed law also removes the ability to sell hemp products through drive-thru windows or in retail locations where beer, wine, or liquor is sold. ATC indicates there are 3,000 consumable hemp permit holders. To ensure these products are not being sold under proposed law, ATC anticipates needing at least four additional agents, each with a salary of \$54,954 and related benefits of \$27,477 and an administrative coordinator, with a salary of \$30,847 with \$15,423 in related benefits. ATC assumes a 2% increase in salary in the out years for merit based raises. The LFO cannot corroborate the increased workload predicted by ATC. To the extent the additional workload is less than what the agency anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources or may be achievable with fewer than five positions.

Department of Public Safety and Corrections (DPSC) - Louisiana State Police Crime Lab: Proposed law will increase workload requirements of the Louisiana State Police Crime Lab to test whether products have any detectable THC content. Given the current workload, the department estimates needing three (3) additional Crime Lab Analysts, with a salary of \$53,903 and related benefits of \$35,232 per analyst, an annual total of \$267,405. The Crime Lab also estimates it will need \$300,000 annually for supplies and equipment to test for the levels of THC in hemp. DPSC indicates that depending on the extent of the increased workload it may need more personnel, supplies, and/or equipment in the out-years. The LFO cannot corroborate the increased workload predicted by DPSC. To the extent the additional workload is less than what the department anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources or may be achievable with fewer than three positions.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

To the extent proposed law results in current permittees not renewing licenses due to popular products become illegal, ATC may realize a decrease in revenue. Proposed law also restricts establishments from holding both a consumable hemp retail permit and an alcoholic beverage permit. ATC indicates there are several establishments that hold both and thus are likely going to lose revenue for renewal applications at these locations. Such revenue losses are indeterminable at this time, but ATC anticipates it will be a significant loss.

REVENUE EXPLANATION CONTINUED ON PAGE TWO

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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Department of Public Safety and Corrections - Corrections Services - The proposed law may result in an indeterminable increase in SGF expenditures in Corrections Services if a person is possessing, processing, selling, or offering to sell consumable hemp products that have traceable levels of THC.

Louisiana District Attorneys Association (LDAA) - The proposed law may result in an indeterminable increase in LDAA. LDAA reports that it cannot estimate the fiscal impact because it is unable to determine the number of these cases that would be charged under this measure.

CONTINUED EXPENDITURE REVENUE FROM PAGE ONE:

Proposed law may result in an indeterminable decrease in tax revenues to both the state and local government. In addition to the state and local sales and use taxes levied on consumable hemp products, there is a 3% excise tax on the retail sale of consumable hemp products.

Proposed law may result in an indeterminable increase in Local Funds revenue for potential fines of violating the provisions associated with the proposed measure. The exact fiscal impact is indeterminable at this time.

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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