

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 228** SLS 24RS 418

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 27, 2024 8:25 AM	Author: MCMATH
Dept./Agy.: Higher Education & Health	Analyst: Chris Henry
Subject: Therapeutic Marijuana Regulations	

PHARMACEUTICALS

RE SEE FISC NOTE SD RV

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Provides relative to marijuana for therapeutic use. (gov sig)

Proposed legislation extends the sunset on regulations pertaining to the therapeutic use of marijuana found in R.S. 40:1046 for an additional 5 years and 6 months, from January 1, 2025 to July 1, 2030. In addition, gives authority to the LA Department of Health to issue two licenses to cultivate, extract, process, and produce therapeutic marijuana and removes this responsibility from the LSU Agricultural Center and Southern University Agricultural Center. Provides for the termination of existing agreements between the university agricultural centers and producers on July 1, 2024. Changes the distribution of the proceeds from the 7% fee on gross sales collected by the Department of Revenue from being deposited into the Disability Services Fund to being allocated to the following: the LSU Ag Center (1%), SU Ag Center (1%), and the Office of State Police (5%). Removes provisions which expressly allow research on therapeutic marijuana by the university agricultural centers and the UL-Monroe School of Pharmacy.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

The proposed legislation will extend provisions in current law related to therapeutic marijuana regulations for an additional 5 years and 6 months. The proposed legislation removes the provision in existing law which expressly allows the LSU Agricultural Center, Southern University Agricultural Center, and University of Louisiana-Monroe School of Pharmacy to conduct research on therapeutic marijuana, to the extent these entities choose to cease this research activity there will be a corresponding decrease in costs.

The Louisiana Department of Health (LDH) reports a \$600 implementation cost in FY 25 to create and issue new license documents for the two licensed contractors. This amount is estimated to lower to \$100 for the ensuing fiscal years totaling \$1000 over the next five fiscal years. The department should be able to absorb these costs within its existing budget using SGR from the annual \$100,000 license fees or from its operational SGF.

REVENUE EXPLANATION

The extension of the sunset provisions will allow revenue collections established in present law to continue to the new sunset at the end of FY 29. Under present law, LDH assesses a \$100,000 license fee on contractors permitted for medical marijuana production along with a \$10,000 application fee. Also, in current law, the Department of Revenue will continue to collect the 7% fee on gross sales of therapeutic marijuana by the permitted contractors. Proposed law changes the dedication of this fee from being deposited into the Disability Services Fund to three new allocations: 1% for the LSU Agricultural Center, 1% for the Southern University Agricultural Center, and 5% for the Office of State Police. For context, in FY 23, the 7% fee generated a total of \$2,309,603. The proposed dedication would split this amount as follows: \$329,943 to the LSU Ag Center, \$329,943 to the SU Ag Center, and \$1,649,716 to the Office of State Police. If collections increase, the corresponding allocation for each entity will increase proportionately.

The proposed law removes the university agricultural centers from the licensing process and terminates their existing agreements with producers. Any contractual obligations owed to the university agricultural centers by the licensed producers would cease on July 1, 2024. According to the contract with the LSU Ag Center, this could be as much as \$1.5 M in 2025, \$1.5 M in 2026, and \$2 M in 2027. Similarly, the SU contract amounts would be \$1 M across fiscal years with an additional \$1 M signing bonus on January 1, 2025 if the contract was renewed.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer