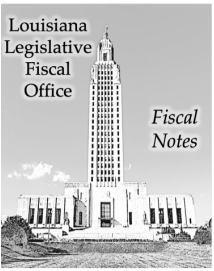


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 237** SLS 24RS 469  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> May 15, 2024	1:42 PM	<b>Author:</b> PRESSLY
<b>Dept./Agy.:</b> Department of Agriculture and Forestry/ Alcohol and Tobacco		<b>Analyst:</b> Richie Anderson
<b>Subject:</b> Industrial Hemp		

AGRICULTURAL COMMODITIES EG SEE FISC NOTE RV See Note Page 1 of 1  
 Provides relative to industrial hemp. (8/1/24)

Present law requires the commissioner of Agriculture and Forestry to submit an annual report to the house and senate committees on agriculture regarding the state’s industrial hemp program. Proposed law seeks to extend this four year requirement that expires in 2024 to 2028. In addition, proposed law will require the annual report to incorporate information on the quantity and dollar amount of hemp sold from growers to processors. This annual report should also estimate the value of the industrial hemp industry in the state and in each parish. Proposed law would define hemp as an agricultural commodity only to be used for industrial uses such as home and building construction projects. Additionally, proposed law eliminates the production and sale of recreational adult-use intoxicating substances derived from hemp. Proposed law will require hemp products to clearly state that it does not contain any THC per serving, while present law allows up to .5 milligrams per serving.

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

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


**EXPENDITURE EXPLANATION**  
 There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Agriculture and Forestry (LDAF) and the Office of Alcohol and Tobacco Control (ATC) are able to accommodate the proposed changes using existing resources and staff. The Office of State Police anticipates that expenditures will not be affected based on the proposed law.

**REVENUE EXPLANATION**  
 Proposed law could potentially impact revenues to the SGF, Dedications, and Local collections resulting from changes in sales of consumable hemp products as a result of the removal of all products containing any level of THC, however, it is difficult to determine to what extent the proposed legislation could impact these revenues without knowing the amount of hemp products sold solely for its THC content compared to those sold for other hemp derived properties. Total sales tax collections on these products from both the state (4.45%) and local (5.1% average) could be impacted. In FY 23, collections for consumable hemp products generated approximately \$992,000 in excise tax collections, \$1.5 M state sales tax collections, and \$1.7 M in local sales tax collections. Additionally, the revenue collections from hemp products include the 3% excise tax, which is deposited into the Early Childhood Education Fund.

Proposed law redefines what is legal regarding the amount of THC per serving in consumable hemp, changing it from 0.5 milligrams of THC per serving to containing no THC per serving. ATC anticipates a potential SGR decrease if a majority of retailers decide not to renew their licenses. To the extent businesses do renew their licenses to sell other hemp products not affected by this legislation, the impacts to the agency could lessen.

Analyzing historical revenue collections associated with industrial hemp products, it is the opinion of the LFO that moving consumable hemp products with THC into the market resulted in a significant increase in state and local revenues above historical baseline collections, with state-only collections increasing \$660,262 above the baseline in FY 21, \$1.7 M above the baseline in FY 23, and \$2.1 M above the baseline in FY 24 (estimated by average monthly collection to date). This data illustrates an increase in estimated collections above baseline sales of industrial hemp in FY 21. To the extent there is some substitute demand for products that remain allowable under proposed law, revenues may not return to the baseline level but are assumed to result in a significant decline in excess of \$500,000 compared to current law.

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

  
**Patrice Thomas**  
**Deputy Fiscal Officer**