

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



Fiscal Note On: **HB 485** HLS 19RS 159  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 17, 2019 9:28 AM	<b>Author:</b> JAMES
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Excise Tax: Cannabis	

TAX/EXCISE EG SEE FISC NOTE GF RV See Note Page 1 of 1  
 Authorizes the levy of an excise tax on cannabis

Proposed law authorizes an excise tax of 15% on the wholesale sale of cannabis, provides certain definitions for administration of the tax. Proposed law directs the Secretary of the Department of Revenue (LDR) to annually establish an average market rate to which the 15% excise tax will be applied, and authorizes LDR to enforce the collection of taxes, penalties, and interest related to the excise tax. Proposed law provides that the cannabis production facility is responsible for collecting and remitting the tax, and dedicates most of the excise taxes collected into multiple funds or specific agencies, as described below.

Effective January 1, 2020.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
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Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

LDR anticipates system development and programming costs, in addition to requiring additional personnel to administer the new tax. The expenditures in the table above reflect \$385,000 in one-time system costs, in addition to annual costs of \$54,000 for one additional Revenue Tax Analyst. The Dept would not likely begin incurring costs until legalization of these products has occurred.

**REVENUE EXPLANATION**

Proposed law would levy a new tax on the wholesale sales of cannabis at 15% of the established average market rate. Proposed law would dedicate the majority of the avails of the excise tax as follows:

- 25%: Minimum Foundation Program
- 15%: LDH, solely for the purposes of the Office of Behavioral Health
- 15%: DPS, solely for the purposes of the Office of State Police
- 15%: Transportation Trust Fund
- 10%: LA Early Childhood Education Fund
- 5%: LSU
- 5%: SU
- 5%: Solely for the purposes of funding D.A.R.E. programs
- 5%: State General Fund

Any assumption of future legalization of these products or estimate of future sales would be speculative, and the bill does not appear to apply to therapeutic marijuana. To the extent that wholesale purchases of these products are legally conducted, general fund and dedicated revenues will increase.

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

House  
 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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