

## HOUSE SUMMARY OF SENATE AMENDMENTS

**HB 507**

**2019 Regular Session**

**Abramson**

TAX: Levies a 7% tax on the gross sales of therapeutic marijuana and dedicates the avails into the New Opportunities Waiver Fund

### Synopsis of Senate Amendments

1. Authorize a corporate income tax deduction for state licensees producing and distributing marijuana for therapeutic use for ordinary business expenses if the deduction was disallowed pursuant to federal law.
2. Require the Dept. of Revenue to collect the 7% fee using tax collection procedures in present law.

### Digest of Bill as Finally Passed by Senate

Present law establishes an annual license fee of \$100,000 for a license to produce marijuana for therapeutic use, an annual permit fee of \$100 for the administrative and inspection costs associated with producing marijuana for therapeutic use, and a nonrefundable application fee of \$10,000 to apply for the license to produce marijuana for therapeutic use. Proposed law retains present law.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

- R.S. 47:302 - 2%
- R.S. 47:321 - 1%
- R.S. 47:321.1 - .45%
- R.S. 47:331 - .97%
- R.S. 47:51:1286 - .03%

Proposed law establishes an exclusion from state and local sales and use taxes for marijuana recommended for therapeutic use by patients clinically diagnosed as suffering from certain debilitating medical conditions.

Present law excludes and exempts a wide variety of tangible personal property from the sales and use tax; however, present law suspends numerous exclusions and exemptions from the four levies of state sales and use tax (R.S. 47:302, 321, 321.1, and 331) through June 30, 2025.

Proposed law changes present law by adding sales of marijuana recommended for therapeutic use to the list of exclusions and exemptions that are effective through June 30, 2025.

Present law requires the Dept. of Agriculture and Forestry, hereinafter "department", to receive an amount not to exceed 7% of the gross sales of therapeutic marijuana.

Proposed law changes present law by requiring the department to assess a fee of 7% on the gross sales of therapeutic marijuana that shall be collected by the Dept. of Revenue ("DOR") using tax collection procedures in present law.

Proposed law requires DOR to transfer monthly the proceeds of the fee to the state treasury to be deposited into the Community and Family Support System Fund as established in present law to be used to provide funding for the EarlySteps intervention program for infants and toddlers with disabilities and their families. Proposed law further authorizes the legislature to appropriate an amount from the fee assessed on the gross sales of therapeutic

marijuana to the department for administrative costs.

Present law establishes the Community and Family Support System Fund, hereinafter "the fund" as a special fund in the state treasury. After compliance with the requirements of present constitution, relative to the Bond Security and Redemption Fund, the treasurer shall pay an amount equal to the amount collected by the state attributable to the sale or lease of all or part of any movable and immovable property previously operated by the office for citizens with developmental disabilities within the La. Dept. of Health. Monies appropriated from the fund shall be used solely to improve the capacity of the state to meet the varying and complex needs of individuals with developmental disabilities, with emphasis on increasing the number of recipients of waiver services.

Proposed law retains present law but requires the proceeds of the fee assessed on therapeutic marijuana as provided for in proposed law to be deposited into the fund and for no less than 50% of the proceeds of the fee to be used to provide funding for the EarlySteps intervention program for infants and toddlers with disabilities and their families.

Present law provides for a deduction from corporate income tax expenses disallowed under federal law. Further requires a taxpayer who elects to claim certain credits that are based on an expense, to reduce the federal deduction for the expense by the dollar amount of the credit claimed.

Proposed law retains present law but changes references in federal law and extends the corporate income tax deduction to state licensees producing and distributing therapeutic marijuana for ordinary business expenses, if the deduction was disallowed pursuant to federal law.

Effective July 1, 2019.

(Amends R.S. 28:826(B)(1) and (C)(1), R.S. 40:1046(H)(8)(a) as enacted by §1 of Act No. 567 and §2 of Act No. 96 both of the 2016 R.S. of the Legislature, and R.S. 47:287.73(C)(4); Adds R.S. 47:287.73(C)(1), 301(10)(ii), 302(BB)(110), 321(P)(111), 321.1(I)(111), and 331(V)(111))