

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 472** HLS 21RS 657

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 3, 2021	4:48 PM	Author: MARINO
Dept./Agy.: Agriculture and Forestry		Analyst: Patrice Thomas
Subject: Medical Marijuana Production License for JEDCO		

MEDICAL MARIJUANA OR INCREASE LF RV See Note Page 1 of 1
Provides relative to specialty licenses for the production of medical marijuana and the Jefferson Parish Economic Development Commission

Present law allows the LSU Agricultural Center and Southern University Agricultural Center to become a production facility for therapeutic marijuana licensed by the LA Department of Agriculture and Forestry (LDAF).

Proposed law adds the Jefferson Parish Economic Development Commission (JEDCO) as a production facility for therapeutic marijuana provided they notify LDAF by 8/31/2021 of their intentions to become licensed. If licensed as a production facility, proposed law authorizes the JEDCO to conduct research, directly or through a cooperative endeavor agreement with a university, school of pharmacy, or hospital, on marijuana for therapeutic purposes. Proposed law requires the JEDCO to submit an annual report, beginning 1/01/2025, to the Senate and House committees on health and welfare on the data and outcomes of their research.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$86,043	\$138,857	\$140,028	\$141,221	\$142,439	\$648,588
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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

The LDAF anticipates this measure may require an additional Agriculture Specialist 3 position. The position estimate includes salaries and related benefits (\$92,928), travel (\$3,000), operating services (\$980), supplies (\$41,949) as well as a one-time cost of computer equipment (\$6,800), office furniture (\$1,150), and automobile (\$7,164). To the extent the additional workload is less than what LDAF anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources. In FY 22, the fiscal note represents partial expenditures for six (6) months. In subsequent fiscal years, this fiscal note assumes a 2% market rate adjustment in salaries and related benefits (total expenditures of \$138,857 in FY 23, \$140,028 in FY 24, \$141,221 in FY 25, and \$142,439 in FY 26). The LFO anticipates the annual license fee will be utilized by the LDAF to cover expenditures related to implementing this measure.

Proposed law may increase local expenditures in the Jefferson Parish Economic Development Commission (JEDCO) as a result of becoming a licensed production facility for therapeutic marijuana. The proposed law adds JEDCO to the list of entities (LSU Agricultural Center and SU Agricultural Center) that may be licensed by the LA Department of Agriculture and Forestry (LDAF) as a production facility. If licensed, the proposed law authorizes JEDCO directly or through a cooperative endeavor agreement (CEA) with a university, school of pharmacy, or hospital to perform research on marijuana for therapeutic use.

JEDCO reports that they will enter into a CEA after a competitive bid process approved by their Board of Directors as well as the Jefferson Parish. JEDCO will use revenues from leasing of land and the CEA to partially cover its anticipated expenditures associated with becoming a licensed production facility. However, if revenues will not be sufficient to fully cover these expenditures in the short term, JEDCO may require an appropriation from local funds.

REVENUE EXPLANATION

Proposed law will increase Self Generated Revenue (SGR) for the LA Dept. of Agriculture & Forestry (LDAF) by \$10,000 non-refundable application fee in FY 22 as well as increased SGR by \$100,000 annual licensing fee and \$100 annual permit fee for administrative and inspection expenses.

In future fiscal years, the proposed law may increase State General Fund by an indeterminable amount. Under current law, the Department of Revenue assesses a 7% fee on the gross sales of therapeutic marijuana. After using the fee to defray expenses associated with regulatory functions, the department shall transfer the remaining amount to the Treasury for deposit into the Community and Family Support Systems Fund in the LA Department of Health (LDH).

Proposed law will increase revenue collections by an indeterminable amount in the Jefferson Parish Economic Development Commission (JEDCO) as a result of leasing land, through a request for proposal (RFP), for the cultivation of medical marijuana for therapeutic use.

Senate
 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}

Christopher A. Keaton
Legislative Fiscal Officer