



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 440** HLS 21RS 967  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** May 9, 2021 3:15 PM **Author:** NELSON  
**Dept./Agy.:** Health and Revenue, Alcohol and Tobacco Control **Analyst:** Patrice Thomas  
**Subject:** Cannabis Licenses Fees and Permit Fees

FEES/LICENSES/PERMITS EG INCREASE SG RV See Note Page 1 of 1  
 Levies fees for licenses and permits relative to cannabis

Proposed law levies an annual fee of \$2,500 for a nonrefundable cannabis business license and nonrefundable annual fee of \$100 for a personal cultivation permit. Both annual fees will be collected by the Commissioner of Alcohol and Tobacco Control (ATC). Proposed law provides that if fees collected pursuant to proposed law in a fiscal year exceed the costs of enforcement and regulation, then the excess fees shall be distributed proportionally to certain municipalities, sheriffs, parishes, and the state. Proposed law provides that the Commissioner of Alcohol and Tobacco Control (ATC), after an adjudicatory hearing, may levy upon any person who violates the proposed law subjected to a civil penalty of up to \$50,000 for each violation and each day of violation. Proposed law will become effective if and when House Bill 699 of 2021 Regular Session is enacted and becomes effective.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Office of Alcohol and Tobacco Control (ATC) within the LA Department of Revenue will be required to issue certain permits related to cannabis business licenses and cannabis personal cultivation permits. Proposed law provides that permit collections exceeding the costs of enforcement (not addressed in this measure) and regulation shall be distributed to certain local entities and the state in the same proportion as distributions of tax collections for that Fiscal Year. Total expenditures are speculative and unknown.

**REVENUE EXPLANATION**

Proposed law will increase revenue collections by an indeterminable amount in the Office of Alcohol and Tobacco Control (ATC) within the LA Department of Revenue as a result of issuing cannabis personal cultivation permits. Also, if the amount of fees collected under the proposed law exceed the cost of enforcement and regulation in ATC in a fiscal year, the excess fees shall be distributed proportionally to certain municipalities, sheriffs, and parishes.

The proposed law authorizes ATC to levy an annual fee for a personal cultivation permit of \$100. The LFO cannot determine the number of personal cultivation permits will be issued under this measure or anticipate the amount of revenue collected by the Office of Public Health.

The proposed law provides for civil penalties of up to \$50,000 per violation per day assessed by the Commissioner of ATC after an adjudicatory hearing. The number of individuals that may be assessed penalties is speculative and indeterminable. The LFO presumes the potential revenue will accrue to the SGF due to the required ruling by the Commissioner, but this point is unclear as civil penalties generally accrue to local governing authorities.

Proposed law is a companion bill to HB 699 (substitute for HB 524) that decriminalizes marijuana and regulates its recreational purposes.

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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**Staff Director**