

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



Fiscal Note On: **HB 24** HLS 23RS 258

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

**REVISED**

<b>Date:</b> April 24, 2023	4:27 PM	<b>Author:</b> NEWELL
<b>Dept./Agy.:</b> Corrections and Revenue		<b>Analyst:</b> Daniel Druilhet
<b>Subject:</b> Decriminalization of Marijuana; Sale & Taxation of Marijuana		

CONTROLLED SUBSTANCES OR DECREASE GF EX See Note  
Provides for the decriminalization of marijuana possession and distribution

Current law lists marijuana, tetrahydrocannabinols (THC) and chemical derivatives of THC as Schedule I substances under the Uniform Controlled Dangerous Substances Law. Current law imposes different penalties for the crime of distribution and possession with intent to distribute marijuana, THC, and derivatives of THC.

Proposed law removes criminal penalties associated with the possession, distribution, or dispensing, or possession with intent to distribute or dispense marijuana. Proposed law removes marijuana, THC, and chemical derivatives of THC as Schedule I substances under the Uniform Controlled Dangerous Substances Law. Proposed law has the effect of decriminalizing marijuana and only becomes effective upon legislative enactment of a statutory regulatory system and establishment of a sales tax for marijuana.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will likely result in an indeterminable, but significant, net decrease in SGF expenditures. The Department of Public Safety and Corrections – Corrections Services (DPSC – CS) will experience a decrease in SGF expenditures if marijuana, THC, and derivatives of THC are removed as Schedule I substances and criminal penalties are removed for possessing, distributing, dispensing, or possessing with intent to distribute or dispense marijuana, THC, and chemical derivatives of THC. Alternatively, the Department of Public Safety and Corrections - Public Safety (DPS&C - PS) will experience an increase in SGF expenditures if marijuana, THC, and THC derivatives are removed as Schedule I substances and criminal penalties are removed for possessing, distributing, dispensing, or possessing with intent to distribute or dispense marijuana, THC, and chemical derivatives of THC (see Page 2).

DPSC – CS reports that in the past two years, there has been an average of 871 admissions for these crimes, with an average sentence length imposed of 5 years. Proposed law will result in an annual savings of approximately \$8.4 M in SGF for offenders housed at local facilities (\$26.39 per day per offender x 365 days x 871 admissions) or annual savings of approximately \$32.4 M if housed in a state facility (\$101.76 per day per offender x 365 days x 871 admissions). The exact

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**REVENUE EXPLANATION**

Proposed law will result in an indeterminable decrease in local funds revenue as a result of a loss of potential fines upon removal of criminal penalties contingent upon the legislature providing for a statutory regulatory system for the legal sale and distribution of marijuana.

**Louisiana Board of the Public Defender**

Proposed law will result in an indeterminable decrease in Conviction and User Fees (CUFs) for local offices of the public defender, specifically the \$40 application fee for services as well as a \$45 special court cost if an offender is convicted or makes a nolo contendere plea. However, due to the infrequency with which these fees are collected from indigent persons, it is indeterminable whether the passage of this legislation would result in a decrease in local funding.

**Louisiana Department of Revenue**

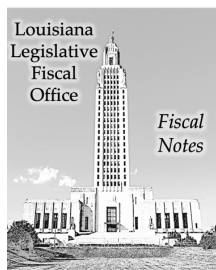
Proposed law will result in a minor decrease in tax collections, specifically the reduction in taxes imposed on dealers of marijuana by La. R.S. 47:2601, which for the last five years has been \$30,929. Whether proposed law will result in any additional revenues is contingent upon enactment of legislation providing for a statutory regulatory system and establishment of a sales tax for marijuana. Passage of the proposed law would not result in a significant revenue impact.

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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Interim Deputy Fiscal Officer**

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**CONTINUED EXPLANATION from page one:**

fiscal impact is indeterminable because there is no indication of whether proposed law will apply retroactively to offenders already incarcerated for distribution and possession with intent to distribute marijuana.

**DPSC (Public Safety)**

Proposed law will result in an increase in SGF expenditures for the Department of Public Safety and Corrections - Public Safety, based on the experience of other states that have decriminalized recreational marijuana. Public Safety anticipates decriminalizing marijuana will have an indirect impact on lab expenses associated with a projected increase in the number of blood samples tested through toxicology analysis for impaired drivers for THC and testing components of products found at illegal marijuana manufacturers and retailers. The additional 1,000 blood samples that Public Safety anticipates that it will test under proposed law are connected to estimates derived from studies of states which have already legalized cannabis and experienced an increase in the number of cannabis-related DUI citations issued.

The Louisiana State Police, along with many Sheriffs Offices and police departments, are a part of federal task forces, for which the Louisiana State Police Crime Lab (LSPCL) performs testing. Any existing testing of blood samples related to criminal purposes will not be eliminated, and testing of narcotics will still be required if an offender is accused of other crimes, such as driving while intoxicated. The current cost for a toxicology analysis on a blood sample is \$1,168, so with an additional 1,000 blood samples tested, there will likely be an increased operating cost of \$1,168,000 (1,000 x \$1,168 = \$1,168,000).

Public Safety also estimates that it will require 4 Crime Lab Analyst positions (\$356,357) and lab equipment (\$1.09 M) to handle the influx of samples tested by the LSPCL under proposed law. Approximately 20 cases are assigned to each analyst, each month. The LSPCL, which services over 200 agencies, is currently assigned a number of cases that nearly exceeds its capacity to test. There are currently 7 fully trained toxicology analysts working in the LSPCL, and three that are still in training. The Louisiana State Police reports that in 2022, 1,720 toxicology reports were completed, of which 1,520 were blood toxicology reports. The five-year average of tests completed between 2018 and 2022 is 2,500. With 20 cases assigned to each analyst each month, the number of samples tested by the LSPCL (1,720) slightly exceeded the number of completed toxicology tests expected in 2022 - 1,680 (7 analysts x 20 cases per month x 12 months). For an additional 1,000 tests estimated with passage of proposed law, if each of the 4 crime lab analysts were assigned 20 toxicology blood samples to test per month, over the course of one year, 960 blood samples could be tested (4 analysts x 20 cases per month x 12 months). This is near the projected workload expected to be assumed with the proposed law (1,000 additional blood samples).

Additional equipment will also be needed to handle an increased number of samples tested, including two new mass spectrometers (\$810,900), extraction and quant equipment (\$273,217), annual contracts for mass spectrometer service contract (\$50,000) and Stericycle Biohazard Disposal (\$17,912), flasks, pipettes, dispensers, and software (\$42,000), and gas, filaments, and other consumables for validation (\$41,726). The LSPCL advises that the request for additional equipment is to ensure that a backlog of testing is not created, and that with assuming additional testing, it will still have the ability to maintain a turnaround time of less than 30 days when conducting tests.

Considering personnel requests, along with operating and equipment costs, proposed law will result in an increase of \$2.7 million in SGF expenditures in the Louisiana State Police Crime Lab in the first year.

**Louisiana Board of the Public Defender**

Proposed law will result in an indeterminable decrease in SGF expenditures for the Louisiana Board of the Public Defender (LBPD) to the extent that it reduces workload associated with defense for cases involving distribution or possession of marijuana. LBPD reports that in 2022, the public defender system represented individuals in 5,620 cases in which either distribution or possession of marijuana was the dominant charge (or 2.35% of all new case numbers in the public defender system). Proposed law would redirect attorney workload associated with representing individuals charged with either manufacturing, distribution, dispensing or possession with intent to distribute marijuana.

**Louisiana Department of Revenue**

Whether proposed law will result in any additional expenditures is contingent upon enactment of legislation providing for a statutory regulatory system and establishment of a sales tax for marijuana.

**Local District Attorney Offices (DAA)**

Proposed law will result in an indeterminable decrease in local expenditures of District Attorney's offices, with a fewer numbers of cases to be prosecuted, but the DAA is unable to predict the number of future prosecutions.

**Office of Juvenile Justice**

Proposed law will result in a decrease in the number of youth adjudicated with a disposition to the custody of the Office of Juvenile Justice (OJJ) and a decrease in SGF expenditures for housing of juveniles in secure care facilities. OJJ reports that the number of youth adjudicated for marijuana-related offenses constitutes 2.26% served with 73.8% of the 2.26% sentenced to probation. Currently, juveniles in the custody of OJJ for marijuana related offenses represent 1.9% of all youth served in custody (or five juveniles). The pending secure care rate for juveniles placed in secure care facilities is \$122.21 per day per youth, which annually would result in savings of \$44,606 per youth.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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