



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 219** SLS 23RS 231
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 24, 2023	6:02 PM	Author: CATHEY
Dept./Agy.: State Police, Health, ATC, Agriculture and Forestry		Analyst: Kimberly Fruge
Subject: Revisions to Industrial Hemp, Consumable Hemp Products		

AGRICULTURAL COMMODITIES EG INCREASE GF EX See Note Page 1 of 2
 Provides relative to industrial hemp. (gov sig)

Proposed law makes revisions to the regulation of Industrial Hemp as follows: amends and enacts definitions including hemp-derived manufactured psychotropic cannabinoids and artificially-derived cannabinoid; provides for authorized age verification methods; provides for criminal penalties for the processing, selling, or offering to sell consumable hemp products; provides for stop orders; amends the process for labeling products; amends the information that is included on the certificate of analysis for the application of registration; changes age limit for possession of consumable hemp from 18 to 21; provides for the process for verifying age for the sale of consumable hemp products; requires Office of Alcohol and Tobacco control to conduct random tests.

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

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

EXPENDITURE EXPLANATION

Proposed law will increase SGF and SGR expenditures by an indeterminable amount within the LA Department of Revenue, Office of Alcohol and Tobacco Control (ATC) and the Louisiana Department of Public Safety & Corrections (DPSC). Proposed law does not impact expenditures within the Louisiana Department of Agriculture & Forestry (LDAF) or Louisiana Department of Health (LDH).

Office of Alcohol and Tobacco Control (ATC): ATC estimates SGR expenditures will increase by \$537,071 in FY 24 (\$375,994 for personnel costs and a one-time expense of \$161,077 for equipment). Proposed law requires one annual inspection and one compliance check at each permitted location. ATC indicates there are approximately 3,000 consumable hemp permit holders, resulting in approximately 6,000 checks. The department anticipates additional inspections will be required to ensure all self-service displays are removed and all necessary signage is posted. On the enforcement side, ATC anticipates needing at least four additional agents, each with a salary of \$54,954 and related benefits of \$27,477. In addition, ATC anticipates needing an additional administrative coordinator to assist with monitoring, mailing, and issuing stop orders and written releases of stop orders. The administrative coordinator would have a salary of \$30,847 with \$15,423 in related benefits. ATC assumes a 2% increase in salary in the out years for merit based raises.

Department of Public Safety and Corrections (DPSC) - Louisiana State Police Crime Lab: Proposed law creates criminal penalties for any person or entity processing, selling, or offering to sell consumable hemp products without a permit, outside of the scope of the permit, if the product contains more than 0.5 mg of THC per serving or 2.0 mg per package, or if the product contains any hemp-derived manufactured psychotropic cannabinoids or artificially-derived cannabinoids. DPSC estimates a potentially significant increase in expenditures to handle the testing of consumable hemp products, to establish the level of THC in each product. To the extent DPSC - Crime Lab is responsible to test products to determine the level of THC to pursue criminal penalties, then expenditures are likely to increase. The department indicates it currently does not have the space or resources necessary to conduct testing on consumable hemp products. If the samples are out-sourced the department would pay a per sample fee. Based on estimates from 2019, this fee would be approximately \$667. The number of samples that would be required to be tested is indeterminable at this time.

The department indicates that for continued testing of samples, the Crime Lab would need to create a Marijuana Quantification section to expand the current crime labs capabilities, including testing equipment to determine the level of THC in a product. DPSC estimates the construction would cost approximately \$5.0 M, require 20 analysis and one technician to handle the workload with associated funding (approximately \$1.9 M), and cost \$348,028 annually in supply costs, plus approximately \$560 per sample tested in operating costs. The LFO cannot corroborate the workload necessity detailed by DPSC.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO:

REVENUE EXPLANATION

To the extent proposed law results in current permittees not renewing licenses due to popular products become illegal, ATC may realize a decrease in revenue. Such revenue loss is indeterminable at this time. Proposed law provides for a fine of up to \$50,000 on a person convicted of processing, selling, or offering to sell consumable hemp products and the potential revenue will accrue to the local government entities. The number of individuals that may be convicted of this offense is speculative and indeterminable.

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

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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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CONTINUED EXPENDITURE EXPLANATION FROM PAGE ONE:

Department of Public Safety and Corrections - Corrections Services - The proposed law may result in an indeterminable increase in SGF expenditures in Corrections Services if a person is convicted of processing, selling, or offering to sell consumable hemp products without a permit, outside the of scope of the permit, or outside the allowable milligrams prescribed in proposed law. The penalty is an imprisonment term of one (1) year to 20 years with hard labor and fines up to \$50,000. The number of individuals that may be convicted of the crime of processing, selling, or offering to sell consumable hemp products is indeterminable.

SGF expenditures will increase by \$101.76 per offender per day if an offender is housed in a state facility or \$26.39 for a state offender housed in a local facility. An offender sentenced to the custody of the Department of Correction for one year would increase SGF expenditures by \$37,142.40 (\$101.76 per day x 365 days) if housed in a state facility and \$9,632.35 (\$26.39 per day x 365 days) if housed in a local facility.

Louisiana District Attorneys Association (LDAA) - The proposed law may result in an indeterminable increase in LDAA. The proposed law creates a felony penalty for a person who processes, sells, or offers to sell consumable hemp products without the proper permits, outside the scope of the permit, or outside the allowable milligrams prescribed in proposed law. LDAA reports that it cannot estimate the fiscal impact because it is unable to determine the number of these cases that would be charged under this measure.

Senate
Dual Referral Rules
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