

## LEGISLATIVE FISCAL OFFICE **Fiscal Note**

Fiscal Note On: HB 187 HLS 25RS 180 Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For .:

Date: April 17, 2025	8:33 AM	Author: FONTENOT		
Dept./Agy.:Revenue				
Subject: Increase the tax on consumable hemp		Analyst: Deborah Vivien		
TAX/EXCISE	OR +\$3,600,000 SD RV See Note	Page 1 of 1		
Increases the rate of excise to	ax on consumable hemp products			

Current law imposes an excise tax on consumable hemp of 3% of the retail sales price with proceeds dedicated to the Early Childhood Education Fund.

Proposed law retains current law and increases the excise tax rate on consumable hemp from 3% to 15% of the retail sales price.

Effective July 1, 2025

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$18,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$3,600,000	\$18,000,000

## **EXPENDITURE EXPLANATION**

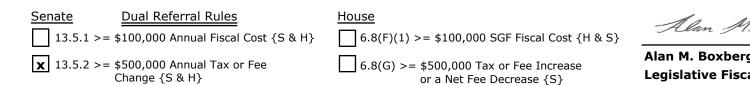
LDR will incur an estimated \$13,100 for tax system design and testing but will evaluate whether cumulative session action requires an additional appropriation.

For informational purposes, monies in the Early Childhood Education Fund are awarded to local entities approved by the State Board of Elementary and Secondary Education for the purpose of funding early childhood care and education slots through the Child Care Assistance Program in Type III early learning centers that have at least one classroom with children age fifteen months or younger if a local entity provides matching funds from nonstate and nonfederal sources at a rate of at least one-to-one.

## **REVENUE EXPLANATION**

Assuming consumable hemp consumption and pre-tax retail prices remain similar to FY 24 and YTD FY 25, a simple estimate could lead to a potential increase in statutory dedications of about \$4 M annually, all to be deposited to the Early Childhood Education Fund. The bill increases the excise tax on consumable hemp by 400% from 3% to 15%, which is applied to current collections of about \$1 M annually to reach the \$4 M estimate. However, without substantive guidance on consumer response to a price increase of this magnitude, this estimate is uncertain until more observances are available. For this reason, the estimate in the table has been reduced by 10% to \$3.6M.

LDR currently has 2,418 retailers registered to pay the consumable hemp products tax.



Alan M. Boderger

Alan M. Boxberger **Legislative Fiscal Officer**