

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



Fiscal Note On: **HB 117** HLS 15RS 647  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 5, 2015 1:43 PM	<b>Author:</b> HONORE
<b>Dept./Agy.:</b> Secretary of State	<b>Analyst:</b> Zachary Rau
<b>Subject:</b> Proposition for Legalization of Marijuana	

CONTROLLED SUBSTANCES OR DECREASE GF EX See Note Page 1 of 1  
 Provides for a proposition election regarding the legalization of marijuana

Proposed law authorizes an election on Nov. 8, 2016, to determine whether the possession, distribution, or dispensing of marijuana, tetrahydrocannabinols, or chemical derivatives thereof by persons 21 years of age or older should no longer be a criminal offense in the state of LA. If a majority of the electors approve the proposition, then the possession, distribution, or dispensing of marijuana by persons 21 years of age or older shall no longer be a criminal offense subject to law subsequently enacted to provide for the regulation and taxation of marijuana sales.

Proposed law removes criminal penalties for the possession, distribution, or dispensing of marijuana, tetrahydrocannabinols, or chemical derivatives thereof by persons 21 years of age or older in the state of LA provided: (1) the voters approving the proposition provided for in proposed law and (2) the legislature subsequently providing for a statutory regulation system for the legal sale and distribution of marijuana and establishes a sales tax on those sales by Aug. 1, 2018.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	<b>\$0</b>
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>	DECREASE	DECREASE	DECREASE	DECREASE	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
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>	DECREASE	DECREASE	DECREASE	DECREASE	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

In the event the proposed constitutional amendment is approved by voters, an annual state general fund savings will occur as possession of marijuana will no longer be a criminal offense. The Department of Public Safety and Corrections will no longer incur costs associated with housing offenders for marijuana possession.

For reference, 586 offenders were remitted to state custody for marijuana possession in 2014 with an average sentence of 5.5 years. Currently, the Department of Corrections houses approximately 50% of state offenders at the local level and approximately 50% at the state level. To the extent half of the offenders for marijuana possession remitted to state custody are housed in state facilities at the daily rate of \$51.62 per offender, DPS&C incurs a total of approximately \$5.5 M (293 offenders x \$18,841 annual offender cost) in annual expenses. Assuming half are of state marijuana possession offenders are housed in local facilities at the daily rate of \$24.39 per day, DPS&C incurs a total of approximately \$2.6 M (293 offenders x \$8,902 annual offender cost) in annual expenses. Annualized over 5 years, these costs total \$40.5 M (\$2.6 M + \$5.5 M x 5 years).

Any savings as a result of the proposed measure would be offset by indeterminable expenditures related to establishing and administering a statutory regulation and sales taxation structure for the legal sale and distribution of marijuana.

The proposed legislation will have no material impact on SGF expenditures in FY 17 as a result of the proposition being added to the ballot for the presidential primary election on Nov. 8, 2016. As a regular practice, the Secretary of State typically budgets for up to 10 propositions or constitutional amendments for the fall statewide elections.

**REVENUE EXPLANATION**

If the proposed measure is approved by voters, revenue generated through the imposition of fines as a result of convictions would no longer accrue to local governmental entities as a result of the proposed legislation. The loss in revenue for local governmental entities would be offset by a sales tax on marijuana which must be passed by the legislature. The amount of sales tax revenue marijuana sales may generate as a result of the proposed legislation is unknown at this time.

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|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}                 |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                            |              | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**