

**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.:

<b>Date:</b> April 17, 2025	8:33 AM	<b>Author:</b> FONTENOT
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Increase the tax on consumable hemp		

TAX/EXCISE OR +\$3,600,000 SD RV See Note  
Increases the rate of excise tax on consumable hemp products

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

**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.

Senate  
 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}

*Alan M. Boxberger*  
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**Legislative Fiscal Officer**