



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 636** HLS 25RS 925  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> May 11, 2025	3:31 PM	<b>Author:</b> JORDAN
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Excise tax on marijuana		<b>Analyst:</b> Deborah Vivien

TAX/EXCISE OR INCREASE GF EX See Note Page 1 of 1  
Levies an excise tax on cannabis and provides for the use of monies derived from the tax

Current law imposes an excise tax of 3% on the retail sale of consumable hemp that is dedicated to Early Childhood Education. The excise tax is in addition to any state and local sales tax or any other tax imposed on consumable hemp.

Proposed law retains current law and authorizes an excise tax of 15% on the average market price at wholesale of cannabis (including consumable hemp), and provides certain definitions for administration of the tax, including the volume base for different taxable components of the plant or wholesale product. Proposed law directs the Secretary of the Department of Revenue (LDR) to annually establish an average market rate to which the 15% excise tax will be applied, and authorizes LDR to enforce the collection of taxes, penalties, and interest related to the excise tax. Proposed law provides that the cannabis production facility is responsible for collecting and remitting the tax, and dedicates the proceeds to the MFP for certified teacher and full-time support personnel salary increases. Effective January 1, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$440,000	\$0	\$0	\$0	\$0	\$440,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

**EXPENDITURE EXPLANATION**  
LDR anticipates system development and programming costs of \$440,000 in anticipation of a new tax for system programming, testing and development as well as to identify/notify taxpayers. The Dept would likely begin incurring costs in FY 26 as consumable hemp appears to be subject to the tax at the wholesale level, which is different than the current retail excise tax on consumable hemp. The bill dedicates the avails of the excise tax to the SGF for exclusive use in the MFP for teacher and support staff payraises, shown as SGF above.

**REVENUE EXPLANATION**  
The bill levies a new tax on the wholesale sales of cannabis, including consumable hemp, at 15% of the established average market rate. Consumable hemp is currently taxed at the retail level and typically on products that have undergone significant processing compared to the raw stages of production referenced in the bill, making an estimate of revenue generation indeterminant. The fiscal note assumes that LDR will be able to determine what part of the plant will be utilized at the wholesale level for consumable hemp and therefore subject to taxation under the bill. For recreational cannabis, any assumption of future legalization of these products or estimate of future sales would be speculative. To the extent that wholesale purchases of these products are legally conducted, state general fund revenue will increase. The bill does not apply to therapeutic marijuana.