HLS 19RS-702 REENGROSSED

2019 Regular Session

HOUSE BILL NO. 507

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BY REPRESENTATIVES ABRAMSON, BILLIOT, BOUIE, TERRY BROWN, CARPENTER, GARY CARTER, COX, DUPLESSIS, GLOVER, JIMMY HARRIS, JACKSON, JAMES, JEFFERSON, JENKINS, JORDAN, LARVADAIN, LYONS, MARCELLE, NORTON, PIERRE, AND STAGNI

TAX: Levies a 7% tax on the gross sales of therapeutic marijuana and dedicates the avails into the New Opportunities Waiver Fund

AN ACT

2	To amend and reenact R.S. 28:826(B)(1) and (C)(1) and R.S. 40:1046(H)(8)(a) and to enact
3	R.S. 47:301(10)(ii), 302(BB)(110), 321(P)(111), 321.1(I)(111), and 331(V)(111),
4	relative to the gross sales of therapeutic marijuana; to authorize a fee on the gross
5	sales of therapeutic marijuana; to dedicate the proceeds of the fee; to provide for use
6	of the proceeds; to exclude sales of marijuana recommended for therapeutic use from
7	state and local sales and use tax; to provide for the effectiveness of certain sales and
8	use tax exclusions; to provide for an effective date; and to provide for related
9	matters.
10	Be it enacted by the Legislature of Louisiana:
11	Section 1. R.S. 28:826(B)(1) and (C)(1) are hereby amended and reenacted to read
12	as follows:
13	§826. Community and Family Support System Fund
14	* * *
15	B.(1) Notwithstanding any other provision of law to the contrary, after
16	compliance with the requirements of Article VII, Section 9(B) of the Constitution of
17	Louisiana relative to the Bond Security and Redemption Fund, and after a sufficient

amount is allocated from that fund to pay all of the obligations secured by the full

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1	faith and credit of the state which become due and payable within any fiscal year, the
2	treasurer shall pay an amount equal to the amount collected by the state attributable
3	to the sale or lease of all or part of any movable and immovable property previously
4	operated by the office for citizens with developmental disabilities within the
5	Louisiana Department of Health and the proceeds of the fee assessed pursuant to the
6	provisions of R.S. 40:1046(H)(8)(a).
7	* * *
8	C.(1) Subject to annual appropriation by the legislature, the monies in the
9	Community and Family Support System Fund shall be used solely to improve the
10	capacity of the state to meet the varying and complex needs of individuals with
11	developmental disabilities, with emphasis on increasing the number of recipients of
12	waiver services and no less than fifty percent of the proceeds of the fee assessed
13	pursuant to the provisions of R.S. 40:1046(H)(8)(a) deposited into the fund shall be
14	used to provide funding for the Early Steps intervention program for infants and
15	toddlers with disabilities and their families as established in R.S. 28:461 et seq.
16	* * *
17	Section 2. R.S. $40:1046(H)(8)(a)$ is hereby amended and reenacted to read as follows:
18	§1046. Recommendation of marijuana for therapeutic use; rules and regulations;
19	Louisiana Board of Pharmacy and the adoption of rules and regulations
20	relating to the dispensing of recommended marijuana for therapeutic use; the
21	Department of Agriculture and Forestry and the licensure of a production
22	facility
23	* * *
24	H.
25	* * *
26	(8)(a) The department shall perform the following:
27	(i) Establish and collect an annual license fee of one hundred thousand dollars
28	and an annual permit fee of one hundred dollars for administrative and inspection
29	costs.

1	(ii) Collect a nonrefundable application fee of ten thousand dollars.
2	(iii) Receive an amount not to exceed seven percent of the gross sales.
3	Assess a fee of seven percent of the gross sales of therapeutic marijuana. The
4	department shall transfer monthly to the state treasury for deposit into the
5	Community and Family Support System Fund, as established in R.S. 28:826, the
6	amount of revenues collected in accordance with this Item. An amount shall be
7	allocated to the department, pursuant to legislative appropriation, for regulatory,
8	administrative, investigative, enforcement, legal, and other such expenses as may be
9	necessary to carry out the provisions of this Chapter and for activities associated with
10	the enforcement of law and regulations governing the therapeutic marijuana
11	program.
12	* * *
13	Section 3. R.S. 47:301(10)(ii), 302(BB)(110), 321(P)(111), 321.1(I)(111), and
14	331(V)(111) are hereby enacted to read as follows:
15	§301. Definitions
16	As used in this Chapter the following words, terms, and phrases have the
17	meanings ascribed to them in this Section, unless the context clearly indicates a
18	different meaning:
19	* * *
20	(10)
21	* * *
22	(ii) For purposes of sales and use tax imposed by the state or any political
23	subdivision of the state, the term "retail sale" or "sale at retail" shall not include
24	marijuana recommended for therapeutic use by patients clinically diagnosed as
25	suffering from a debilitating medical condition as defined in R.S. 40:1046.
26	* * *
27	§302. Imposition of tax
28	* * *

1	BB. Notwithstanding any other provision of law to the contrary, including
2	but not limited to any contrary provisions of this Chapter, beginning July 1, 2018,
3	through June 30, 2025, there shall be no exemptions and no exclusions to the tax
4	levied pursuant to the provisions of this Section, except for the retail sale, use,
5	consumption, distribution, or storage for use or consumption of the following:
6	* * *
7	(110) Sales of marijuana recommended for therapeutic use as provided in
8	R.S. 47:301(10)(ii).
9	* * *
10	§321. Imposition of tax
11	* * *
12	P. Notwithstanding any other provision of law to the contrary, including but
13	not limited to any contrary provisions of this Chapter, beginning July 1, 2018,
14	through June 30, 2025, there shall be no exemptions and no exclusions to the tax
15	levied pursuant to the provisions of this Section, except for the retail sale, use,
16	consumption, distribution, or storage for use or consumption of the following:
17	* * *
18	(111) Sales of marijuana recommended for therapeutic use as provided in
19	R.S. 47:301(10)(ii).
20	* * *
21	§321.1. Imposition of tax
22	* * *
23	I. Notwithstanding any other provision of law to the contrary, including but
24	not limited to any contrary provisions of this Chapter, beginning July 1, 2018,
25	through June 30, 2025, there shall be no exemptions and no exclusions to the tax
26	levied pursuant to the provisions of this Section, except for the retail sale, use,
27	consumption, distribution, or storage for use or consumption of the following:
28	* * *

1	(111) Sales of marijuana recommended for therapeutic use as provided in
2	R.S. 47:301(10)(ii).
3	* * *
4	§331. Imposition of tax
5	* * *
6	V. Notwithstanding any other provision of law to the contrary, including but
7	not limited to any contrary provisions of this Chapter, beginning July 1, 2018,
8	through June 30, 2025, there shall be no exemptions and no exclusions to the tax
9	levied pursuant to the provisions of this Section, except for the retail sale, use,
10	consumption, distribution, or storage for use or consumption of the following:
11	* * *
12	(111) Sales of marijuana recommended for therapeutic use as provided in
13	R.S. 47:301(10)(ii).
14	* * *
15	Section 4. The provisions of this Act shall become effective on July 1, 2019.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 507 Reengrossed

2019 Regular Session

Abramson

Abstract: Assesses a 7% fee on the gross sales of therapeutic marijuana and dedicates the proceeds of the fee to provide funding for the EarlySteps intervention program for infants and toddlers with disabilities. Further establishes a state and local sales and use tax exclusion for sales of marijuana recommended for therapeutic use from state and local sales and use tax.

Present law establishes an annual license fee of \$100,000 for a license to produce marijuana for the rapeutic use, an annual permit fee of \$100 for the administrative and inspection costs associated with producing marijuana for therapeutic use, and a nonrefundable application fee of \$10,000 to apply for the license to produce marijuana for therapeutic use. Proposed law retains present law.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

R.S. 47:302 - 2% R.S. 47:321 - 1%

R.S. 47:321.1 - .45%

R.S. 47:331 - .97%

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R.S. 47:51:1286 - .03%

<u>Proposed law</u> establishes an exclusion from state and local sales and use taxes for marijuana recommended for therapeutic use by patients clinically diagnosed as suffering from certain debilitating medical conditions.

<u>Present law</u> excludes and exempts a wide variety of tangible personal property from the sales and use tax; however, <u>present law</u> suspends numerous exclusions and exemptions from the four levies of state sales and use tax (R.S. 47:302, 321, 321.1, and 331) through June 30, 2025.

<u>Proposed law</u> changes <u>present law</u> by adding sales of marijuana recommended for therapeutic use to the list of exclusions and exemptions that are effective through June 30, 2025.

<u>Present law</u> mandates that the Dept. of Agriculture and Forestry, hereinafter "department", receive an amount not to exceed 7% of the gross sales of therapeutic marijuana.

<u>Proposed law</u> changes <u>present law</u> by requiring the department to assess a fee of 7% on the gross sales of therapeutic marijuana and authorizes the legislature to appropriate an amount to the department for administrative costs.

<u>Proposed law</u> requires the remainder of the proceeds of the fee to be deposited into the Community and Family Support System Fund as established in <u>present law</u> to be used to provide funding for the EarlySteps intervention program for infants and toddlers with disabilities and their families.

<u>Present law</u> establishes the Community and Family Support System Fund, hereinafter "the fund" as a special fund in the state treasury. After compliance with the requirements of <u>present constitution</u>, relative to the Bond Security and Redemption Fund, the treasurer shall pay an amount equal to the amount collected by the state attributable to the sale or lease of all or part of any movable and immovable property previously operated by the office for citizens with developmental disabilities within the La. Dept. of Health. Monies appropriated from the fund shall be used solely to improve the capacity of the state to meet the varying and complex needs of individuals with developmental disabilities, with emphasis on increasing the number of recipients of waiver services.

<u>Proposed law retains present law</u> but requires the proceeds of the fee assessed on therapeutic marijuana as provided for in <u>proposed law</u> to be deposited into the fund and for no less than 50% of the proceeds of the fee to be used to provide funding for the EarlySteps intervention program for infants and toddlers with disabilities and their families.

Effective July 1, 2019.

(Amends R.S. 28:826(B)(1) and (C)(1) and R.S. 40:1046(H)(8)(a); Adds R.S. 47:301(10)(ii), 302(BB)(110), 321(P)(111), 321.1(I)(111), and 331(V)(111))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the original bill:

1. Clarify that the legislature may appropriate an amount from the 7% tax to the Dept. of Agriculture and Forestry for administrative costs of the therapeutic marijuana program. The remainder of the avails of the tax on therapeutic marijuana shall be deposited into the New Opportunities Waiver Fund.

The House Floor Amendments to the engrossed bill:

- 1. Change <u>proposed law from</u> the collection of a tax <u>to</u> the assessment of a fee on the gross sales of therapeutic marijuana.
- 2. Change the dedication of the proceeds of the fee <u>from</u> the New Opportunities Waiver Fund <u>to</u> the Community and Family Support System Fund, hereinafter "fund".
- 3. Require that no less than 50% of the proceeds of the fee deposited into the fund be used to provide funding for the EarlySteps intervention program for infants and toddlers with disabilities and their families.
- 4. Establish a state and local sales tax exclusion for marijuana recommended for therapeutic use by patients clinically diagnosed as suffering from certain debilitating medical conditions.