
DIGEST

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HB 560 Reengrossed

2019 Regular Session

Abramson

Abstract: Authorizes the levy of an excise tax at the rate of 3% on the retail sale of industrial hemp-derived CBD products.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property.

Proposed law retains present law and levies an excise tax on the sale of industrial hemp-derived CBD products by a retailer to a consumer at the rate of 3% based on the retail sales price of these products, in addition to other taxes, including state and local sales and use taxes. However, CBD products that have been approved by the U.S. Food and Drug Administration (FDA) as prescription medications or products that have been recommended for therapeutic use are excluded from the excise tax levied in proposed law.

Proposed law defines "CBD" as cannabidiol.

Proposed law defines "industrial hemp" as any part of the plant *Cannabis sativa*, including the seeds and all derivatives, with a delta-9-tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis and cultivated and processed in accordance with federal law or rules. Industrial hemp does not include plants that meet the definition of marijuana.

Proposed law defines an "industrial hemp-derived CBD product" as any industrial hemp-derived product that contains CBD and is intended for consumption or topical use.

Proposed law requires retailers to use Dept. of Revenue (DOR) prescribed forms to report the excise tax monthly and to pay the tax on or before the 20th day of the month following the month in which the tax is applicable.

Proposed law authorizes DOR to collect, supervise, and enforce the collection of taxes, penalties, and interest related to the excise tax. Further authorizes the DOR to promulgate rules and regulations to implement the provisions of proposed law.

Proposed law dedicates the avails of the excise tax levied on industrial hemp to the Early Childhood Education Fund.

Effective if and when House Bill No. 579 of this 2019 R.S. is enacted and becomes effective.

(Applicable for all tax periods beginning on or after Jan. 1, 2020.)

(Adds R.S. 47:1692 through 1696)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the name of and references to the tax from hemp and CBD tax to hemp-derived CBD tax.
2. Decrease the excise tax rate from 15% of the retail sales price of hemp-derived CBD products to 3% of the retail sales price of hemp-derived CBD products.
3. Define hemp-derived CBD products as any hemp-derived product that contains CBD intended for consumption or topical use.
4. Remove the requirement for a consumer to be 21 years of age or older to purchase hemp-derived products.
5. Remove requirement for tax stamps to be purchased and affixed to containers or packages of CBD, CBD products, hemp, and hemp products.
6. Change the contingent effectiveness of proposed law from enactment of HB No. 138 from the 2019 R.S. to enactment of HB No. 579 of the 2019 R.S.
7. Change the dedication of funds derived from the excise tax from the New Opportunities Waiver Fund to the Early Childhood Education Fund.

The House Floor Amendments to the engrossed bill:

1. Change references throughout proposed law from "hemp" to "industrial hemp".
2. Establish certain definitions for purposes of the industrial hemp-derived CBD tax in proposed law.
3. Require "industrial hemp" to be cultivated and processed in accordance with federal law or rules.
4. Require retailers to report the excise tax monthly and to pay the tax on or before the 20th day of the month following the month to which the tax is applicable.
5. Exclude CBD products approved by the FDA as prescription medication or products

recommended for therapeutic use and sales of industrial hemp for resale from the excise tax.