

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 440** HLS 21RS 967
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 28, 2021 8:10 PM **Author:** NELSON
Dept./Agy.: Health and Revenue, Alcohol and Tobacco Control **Analyst:** Patrice Thomas
Subject: Cannabis Licenses Fees and Permit Fees

FEES/LICENSES/PERMITS OR INCREASE SG RV See Note Page 1 of 1
 Levies fees for licenses and permits relative to cannabis

Proposed law levies an annual fee for a cannabis retailer permit in an amount established by Commissioner of Alcohol and Tobacco Control not to exceed \$2,500. Proposed law levies an annual fee of \$2,500 for a cannabis business license and annual fee of \$100 for a personal cultivation permit. Both annual fees will be collected by the LA Department of Health. Proposed law provides that if fees collected pursuant to proposed law in a fiscal year exceed the costs of enforcement and regulation, then the excess fees shall be distributed proportionally to certain municipalities, sheriffs, parishes, and the state. Proposed law will become effective if and when House Bill 699 is enacted and becomes effective.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

The Office of Alcohol and Tobacco Control (ATC) within the LA Department of Revenue and the LA Department of Health (LDH) will be required to issue certain permits related to annual cannabis retailer permits (ATC), cannabis business licenses (ATC), and cannabis personal cultivation permits (LDH). Proposed law provides that permit collections exceeding the costs of enforcement (not addressed in this measure) and regulation shall be distributed to certain local entities and the state in the same proportion as distributions of tax collections for that Fiscal Year. Total expenditures are speculative and unknown.

REVENUE EXPLANATION

Proposed law will increase revenue collections by an indeterminable amount in the Office of Alcohol and Tobacco Control (ATC) within the LA Department of Revenue and the LA Department of Health (LDH) as a result of issuing cannabis retailer permits, cannabis business licenses, and cannabis personal cultivation permits. Also, if the amount of fees collected under the proposed law exceed the cost of enforcement and regulation in ATC and LDH in a fiscal year, the excess fees shall be distributed proportionally to certain municipalities, sheriffs, and parishes.

Proposed law authorizes the Commissioner of ATC to levy an annual fee for a cannabis retailer permit of up to \$2,500 and an annual fee for a cannabis business license of up to \$2,500. Based on research of other states and the existing hemp CBD permitting process, the agency anticipates the following revenue:

Fiscal Year	Estimated Permits	Estimated Fee	Estimated Revenue Generated
FY 22	300	\$2,500	\$ 750,000
FY 23	750	\$2,500	\$1,875,000
FY 24	1,250	\$2,500	\$3,125,000
FY 25	1,500	\$2,500	\$3,750,000
FY 26	1,500	\$2,500	\$3,750,000

The proposed law authorizes LDH to levy an annual fee for a personal cultivation permit of \$100. The LFO cannot determine the number of personal cultivation permits will be issued under this measure or anticipate the amount of revenue collected by the Office of Public Health.

The proposed law is a companion bill to HB 699 (substitute for HB 524) that decriminalizes marijuana and regulates its recreational purposes.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" 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}

Alan M. Boxberger
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Staff Director