

GREEN SHEET REDIGEST

HB 514

2021 Regular Session

Magee

**TAX/SALES & USE: Levies a state tax on raw or crude marijuana recommended for therapeutic use and provides for the disposition of the collections of the tax**

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DIGEST

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

Present law provides a state and local sales and use tax exclusion for sales of marijuana recommended for therapeutic use.

Proposed law retains present law but excludes raw or crude marijuana recommended for therapeutic use from the exclusion in present law.

Proposed law levies a state sales and use tax on raw or crude marijuana recommended for therapeutic use.

Present law provides that of the collections of state sales and use taxes levied in present law (R.S. 47:302, 321, 321.1, and 331), .4% of the taxes are deposited into the LED Marketing fund and the remainder of the collections are deposited into the state general fund.

Proposed law provides instead that the collections of state sales and use taxes levied on sales of raw or crude marijuana recommended for therapeutic use shall be deposited as follows:

- (1) 50% into the Construction Subfund of the Transportation Trust Fund (subfund).
- (2) 25% into the La. Early Childhood Education Fund.
- (3) 25% into the La. Public Defender Fund.

Present law levies a .03% state sales and use tax (R.S. 51:1286), the collections of which are pledged to pay for the levy and collection of the sales tax and to pay for media advertisements for the promotion of the state's tourism industry.

Proposed law retains present law and provides that all proceeds of the .03% tax levied from sales of raw or crude marijuana recommended for therapeutic use shall be deposited as follows:

- (1) 50% into the Construction Subfund of the Transportation Trust Fund (subfund).
- (2) 25% into the La. Early Childhood Education Fund.
- (3) 25% into the La. Public Defender Fund.

Proposed law provides that beginning July 1, 2022, there shall be tax exemptions from the 2% sales and use tax imposed by present law for steam, water, electric power or energy, natural gas, or energy sources as provided in present law used predominately and directly in the actual manufacturing process by a manufacturer assigned a NAICSC within manufacturing Sectors 31-33 or Sector 22.

Proposed law decreases the sales price or cost price of manufacturing utilities beginning July 1, 2022 through July 30, 2023 by fifty percent and thereafter by five percent per year until beginning July 1, 2032, the sale or use of manufacturing utilities shall be exempt from the 2% sales tax imposed by present law.

Present law sunsets the .45% sales tax on June 30, 2025.

Proposed law eliminates the sunset date and provides that beginning July 1, 2025 the avails of the .45% tax collected pursuant to present law shall be deposited into the Construction Subfund of the Transportation Trust Fund.

Proposed law lists mega projects and cash managed capacity projects to be funded with the avails of the .45% tax collected pursuant to present law.

Effective upon the enactment of HB No. 391 of the 2021 Regular Session.

(Amends R.S. 47:301(10)(ii), 321(P)(110), 321.1(G), I (intro para), and J; adds R.S. 47:301.3, 302(BB)(114), and 321(DD), and R.S. 51:1286(E); repeals R.S. 47:321.1(E))

#### Summary of Amendments Adopted by House

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

1. Specify that proposed law provides an exception to the current state sales and use tax exclusion for raw and crude marijuana recommended for therapeutic use.
2. Provide that proposed law will be effective if and when House Bill No. 391 of the 2021 Regular Session is enacted and becomes effective.

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Provides for the deposit of the collections of state sales and use taxes levied on sales of raw or crude marijuana recommended for therapeutic use as follows:  
  
50% into the Construction Subfund of the Transportation Trust Fund (subfund).  
  
25% into the La. Early Childhood Education Fund.  
  
25% into the La. Public Defender Fund.
2. Provides for the deposit of the proceeds of the .03% tax levied from sales of raw or crude marijuana recommended for therapeutic use as follows:  
  
50% into the Construction Subfund of the Transportation Trust Fund (subfund).  
  
25% into the La. Early Childhood Education Fund.  
  
25% into the La. Public Defender Fund.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

1. Provides that beginning July 1, 2022, there shall be tax exemptions for steam, water, electric power or energy, natural gas, or energy sources as provided in present law used predominately and directly in the actual manufacturing process by a manufacturer assigned a NAICSC within manufacturing Sector 31-33 or Sector 22.
2. Proposed law decreases the sales price or cost price of manufacturing utilities beginning July 1, 2022 through July 30, 2023 by fifty percent and thereafter by 5% per year until beginning July 1, 2032, the sale or use of manufacturing utilities shall be exempt from the 2% sales tax imposed by present law.
3. Proposed law provides that beginning July 1, 2025 the avails of the .45% tax collected pursuant to present law shall be deposited into the Construction Subfund of the Transportation Trust Fund.
4. Proposed law lists mega projects and cash managed capacity projects to be funded with the avails of the .45% tax collected pursuant to present law.