

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 228** SLS 24RS 418

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: April 22, 2024	2:26 PM	Author: MCMATH
Dept./Agy.: Higher Education & Health		Analyst: Chris Henry
Subject: Therapeutic Marijuana Regulations		

PHARMACEUTICALS RE1 SEE FISC NOTE SD RV See Note
Provides relative to marijuana for therapeutic use. (gov sig)

Proposed legislation extends the sunset on regulations pertaining to the therapeutic use of marijuana found in R.S. 40:1046 for an additional 5 years and 6 months, from January 1, 2025 to July 1, 2030. In addition, gives authority to the LA Department of Health to issue two licenses to cultivate, extract, process, and produce therapeutic marijuana and removes this responsibility from the LSU Agricultural Center and Southern University Agricultural Center. Changes the distribution of the proceeds from the 7% fee on gross sales collected by the Department of Revenue from being deposited into the Disability Services Fund to being deposited in the state treasury. Removes provisions which expressly allow research on therapeutic marijuana by the university agricultural centers and the UL-Monroe School of Pharmacy.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will extend provisions in current law related to therapeutic marijuana regulations for an additional 5 years and 6 months. The proposed legislation removes the provision in existing law which expressly allows the LSU Agricultural Center, Southern University Agricultural Center, and University of Louisiana-Monroe School of Pharmacy to conduct research on therapeutic marijuana, to the extent these entities choose to cease this research activity there will be a corresponding decrease in costs.

The Louisiana Department of Health (LDH) reports a \$600 implementation cost in FY 25 to create and issue new license documents for the two licensed contractors. This amount is estimated to lower to \$100 for the ensuing fiscal years totaling \$1000 over the next five fiscal years. The department should be able to absorb these costs within its existing budget using SGR from the annual \$100,000 license fees or from its operational SGF.

REVENUE EXPLANATION

The extension of the sunset provisions will allow revenue collections established in present law to continue to the new sunset at the end of FY 29. Under present law, LDH assesses a \$100,000 license fee on contractors permitted for medical marijuana production along with a \$10,000 application fee. Also, in current law, the Department of Revenue will continue to collect the 7% fee on gross sales of therapeutic marijuana by the permitted contractors. Proposed law changes the dedication of this fee from being deposited into the Disability Services Fund to deposit into the state treasury. For context, in FY 23, the 7% fee generated a total of \$2,309,603. During House Health and Welfare testimony, the author indicated the proceeds of this fee would be allocated to specific entities yet-to-be-identified in a separate piece of legislation.

The proposed law removes the university agricultural centers from the licensing process. It is not clear whether the existing contracts would be able to continue without the licenses or if any existing contractual obligations owed to the university agricultural centers by the producers would continue once the licenses are no longer under the jurisdiction of the agricultural centers. According to the contract with the LSU Ag Center, the amounts owed could be as much as \$1.5 M in 2025, \$1.5 M in 2026, and \$2 M in 2027. Similarly, the SU contract amounts would be \$1 M across fiscal years with an additional \$1 M signing bonus on January 1, 2025 if the contract is renewed.

- Senate
- Dual Referral Rules
- 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

- House
- 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
Deputy Fiscal Officer