

2023 Regular Session

HOUSE BILL NO. 620

BY REPRESENTATIVE FREIBERG

TAX: Levies a tax on retail sales of cannabis and dedicates revenues derived from the tax

1 AN ACT

2 To enact Part I-B of Chapter 2 of Title 13 of the Louisiana Revised Statutes of 1950, to be
3 comprised of R.S. 13:91 through 93, and Chapter 20 of Subtitle II of Title 47 of the
4 Louisiana Revised Statutes of 1950, to be comprised of R.S. 47:1699.1 through
5 1699.5, relative to taxes on sales of cannabis; to levy a tax on retail sales of cannabis;
6 to provide for the rate of the tax; to provide for uses of the avails of the tax; to
7 provide for definitions; to provide relative to the authority and duties of the secretary
8 of the Department of Revenue with respect to the tax; to create the Justice System
9 Funding Program within the Louisiana Supreme Court; to provide for the functions
10 of the program; to provide for funding of the program with revenues derived from
11 the tax on cannabis sales; to authorize promulgation of administrative rules; to
12 provide for effectiveness; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. Part I-B of Chapter 2 of Title 13 of the Louisiana Revised Statutes of
15 1950, comprised of R.S. 13:91 through 93, is hereby enacted to read as follows:

16 PART I-B. JUSTICE SYSTEM FUNDING PROGRAM

17 §91. Purpose

18 The purpose of this Part is to support reforms within the justice system of this
19 state that lessen the system's dependence upon fines and fees for funding the
20 essential costs of its operation.

1 §92. Justice System Funding Program; creation; administration and functions

2 A. The legislature hereby creates within the supreme court the Justice
3 System Funding Program, referred to hereafter in this Part as the "program."

4 B. The judicial administrator of the supreme court shall administer the
5 program.

6 C. The functions of the program shall include, without limitation, all of the
7 following:

8 (1) To award funding to local court systems for the purpose of replacing
9 revenues from court fees that are imposed upon criminal defendants specifically to
10 fund court operations, contingent upon the abolition or reduction of those fees.

11 (2) To award funding to local court systems for the purpose of replacing
12 revenues from fines and fees imposed upon criminal defendants, which revenues
13 fund public defender programs, district attorneys' offices, criminalistics laboratories,
14 and other essential parts of the justice system, contingent upon the abolition or
15 reduction of those fines and fees.

16 §93. Funding mechanism

17 The supreme court shall fund awards made through the program and
18 administrative costs of the program with monies appropriated to it for these specific
19 purposes, including but not limited to the appropriations required by the provisions
20 of R.S. 47:1699.4(B).

21 Section 2. Chapter 20 of Subtitle II of Title 47 of the Louisiana Revised Statutes of
22 1950, comprised of R.S. 47:1699.1 through 1699.5, is hereby enacted to read as follows:

23 CHAPTER 20. CANNABIS TAX

24 §1699.1. Definitions

25 As used in this Chapter, the following terms shall have the meanings ascribed
26 to them in this Section unless the context clearly indicates otherwise:

27 (1) "Cannabis" means all parts of plants of the genus Cannabis, whether
28 growing or not, the seeds thereof, the resin extracted from any part of such plant, and
29 every compound, manufacture, salt, derivative, mixture, or preparation of such plant,

1 its seeds or resin, but shall not include the mature stalks of such plant, fiber produced
2 from such stalks, oil or cake made from the seeds of such plant, any other compound,
3 manufacture, salt, derivative, mixture, or preparation of such mature stalks (except
4 the resin extracted therefrom), fiber, oil, or cake or the sterilized seed of such plant
5 which is incapable of germination. Further, for purposes of this Chapter, the term
6 "cannabis" shall not include any of the following:

7 (a) Industrial hemp as defined in R.S. 40:961.

8 (b) Cannabinoids when contained in a drug product approved by the United
9 States Food and Drug Administration.

10 (2) "Cannabis retail sale" means the sale of a cannabis product by a cannabis
11 retailer to a consumer and, in addition to such sales, shall include all transactions as
12 the secretary of the Department of Revenue, after investigation, finds to be in lieu
13 of sales. For purposes of this Chapter, the term "cannabis retail sale" shall not
14 include any sale or transfer of therapeutic marijuana made pursuant to the provisions
15 of R.S. 40:1046 et seq.

16 (3) "Cannabis retailer" means any person, other than a wholesaler, who is
17 licensed or permitted by an agency, board, commission, or other instrumentality of
18 this state to engage in cannabis retail sales.

19 §1699.2. Imposition of tax

20 A. There is hereby levied a tax upon each cannabis retail sale. The tax shall
21 be at the rate of fifteen percent of the cannabis retail sale price. The tax shall be
22 levied in addition to state and local sales and use taxes and any other applicable tax.
23 The cannabis retailer shall report the tax monthly on forms prescribed by the
24 secretary of the Department of Revenue and shall pay the tax on or before the
25 twentieth day of the month following the month to which the tax is applicable.

26 B. The provisions of this Section shall not apply to any product subject to tax
27 pursuant to R.S. 47:1693 or subject to a fee pursuant to R.S. 40:1046.

1 §1699.3. Enforcement

2 The secretary of the Department of Revenue shall collect, supervise, and
3 enforce the collection of all taxes, penalties, interest, and other charges that may be
4 due pursuant to the provisions of this Chapter in accordance with procedures for tax
5 collection and administration established for the department by the provisions of this
6 Subtitle.

7 §1699.4. Disposition of collections

8 A.(1) The Department of Revenue shall transfer the amount of twenty
9 percent of collections from the tax levied pursuant to this Chapter to the state
10 treasury for deposit into the Louisiana Early Childhood Education Fund created
11 pursuant to R.S. 17:407.30 after compliance with the requirements of Article VII,
12 Section 9(B) of the Constitution of Louisiana relative to the Bond Security and
13 Redemption Fund.

14 (2) The Department of Revenue shall transfer to the state treasury for deposit
15 into the state general fund, after compliance with the requirements of Article VII,
16 Section 9(B) of the Constitution of Louisiana relative to the Bond Security and
17 Redemption Fund, all collections from the tax levied pursuant to this Chapter not
18 transferred in accordance with Paragraph (1) of this Subsection.

19 B. The legislature shall appropriate annually an amount equal to thirty
20 percent of collections from the tax levied pursuant to this Chapter to the Louisiana
21 Supreme Court for the Justice System Funding Program provided for in R.S. 13:91
22 et seq.

23 §1699.5. Administrative rules

24 The secretary of the Department of Revenue may promulgate in accordance
25 with the Administrative Procedure Act all such rules as are necessary for
26 implementation of the provisions of this Chapter.

27 Section 3. This Act shall become effective on the effective date of any Act that
28 establishes a system of regulation by any agency, board, commission, or other

1 instrumentality of this state with respect to the lawful cultivation, processing, and
2 manufacturing of cannabis and cannabis products.

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 620 Original

2023 Regular Session

Freiberg

Abstract: Levies a tax on retail sales of cannabis and dedicates portions of the avails of the tax to the state general fund, the La. Early Childhood Education Fund, and the Justice System Funding Program created by proposed law.

Proposed law levies a 15% tax upon each cannabis retail sale. Defines "cannabis retail sale", in pertinent part, as the sale of a cannabis product by a state-licensed or -permitted cannabis retailer to a consumer. Provides that the tax shall be levied in addition to any other applicable tax, including state and local sales and use taxes, and shall be reported and paid by the retailer.

Proposed law stipulates that its provisions do not apply to any of the following:

- (1) Any product subject to taxation pursuant to present law relative to consumable hemp (R.S. 47:1692 et seq.).
- (2) Any product subject to a fee pursuant to present law relative to therapeutic marijuana (R.S. 40:1046(H)(8)).

Proposed law requires that the avails of the tax collected pursuant to proposed law be distributed as follows:

- (1) 20% to the La. Early Childhood Education Fund created by present law (R.S. 17:407.30).
- (2) 30% to be appropriated to the La. Supreme Court's Justice System Funding Program created by proposed law.

Proposed law creates within the La. Supreme Court the Justice System Funding Program. Provides that the judicial administrator of the supreme court shall administer the program and that the functions of the program shall include, without limitation, all of the following:

- (1) To award funding to local court systems for the purpose of replacing revenues from court fees that are imposed upon criminal defendants specifically to fund court operations, contingent upon the abolition or reduction of those fees.
- (2) To award funding to local court systems for the purpose of replacing revenues from fines and fees imposed upon criminal defendants, which revenues fund public defender programs, district attorneys' offices, criminalistics laboratories, and other essential parts of the justice system, contingent upon the abolition or reduction of those fines and fees.

Proposed law requires the supreme court to fund awards made through the program and administrative costs of the program with monies appropriated to it for these specific purposes, including but not limited to the appropriations required by proposed law relative to taxation of retail sales of cannabis.

Effective on the effective date of any Act that establishes a system of state regulation for the lawful cultivation, processing, and manufacturing of cannabis and cannabis products.

(Adds R.S. 13:91-93 and R.S. 47:1699.1-1699.5)