

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6242

BILL NUMBER: HB 1079

NOTE PREPARED: Jan 31, 2024

BILL AMENDED: Jan 30, 2024

SUBJECT: Low THC Hemp Extract.

FIRST AUTHOR: Rep. Teshka

FIRST SPONSOR: Sen. Holdman

BILL STATUS: As Passed House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill defines "work in progress hemp extract" for purposes of the statute concerning industrial hemp. It provides that a licensed hemp handler may possess, manufacture, store, transport, or sell work in progress hemp extract.

The bill provides for purposes of the statute concerning the adulteration or misbranding of foods, that a food is not considered adulterated for containing low THC hemp extract. It also requires a food establishment that serves food containing low THC hemp extract to disclose in writing to a consumer that the food contains low THC hemp extract.

The bill sets forth certain restrictions with respect to the packaging of low THC hemp extract. It establishes criteria for the analysis of low THC hemp extract and prohibits the sale of low THC hemp extract to a person less than 21 years of age if the low THC hemp extract contains certain elements.

It makes other changes.

Effective Date: July 1, 2024.

Explanation of State Expenditures: *Office of the Attorney General:* The workload of the Office of the Attorney General could potentially increase to enforce the bill's provisions regarding sales of low THC hemp extract to people under age 21. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Indiana Department of Health: The department's workload could increase to the extent that it brings enforcement actions against food establishments that fail to disclose in writing that a food contains low THC hemp extract. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: *Low THC Hemp Extract Violations:* The bill prohibits the sale of low THC hemp extract containing certain ingredients to a person under 21 years of age. The bill sets the following maximum civil penalties for violations:

- (1) \$1,000 for a first violation.
- (2) \$5,000 for a second violation that occurs within two years after a first violation.
- (3) \$10,000 for each subsequent violation that occurs within two years of the preceding violation.

In addition, the bill makes changes to packaging requirements for low THC hemp products, the penalty for a violation of which is a Class B infraction or a Class A infraction with prior violations. The maximum judgment for a Class B infraction is \$1,000, and the maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund.

Court Fees: If additional court cases occur, revenue to the state General Fund (from court fees) would increase. The total court fee revenue per case would range between \$85.50 and \$103. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Food Containing Low THC Hemp Extract: The bill could have an indeterminable impact on the number of Class B misdemeanors related to food containing low THC hemp extract. The bill provides that food is not considered adulterated for containing low THC hemp extract. It also requires food establishments to disclose in writing to consumers that a food contains low THC hemp extract.

Revenue to the Common School Fund (from fines) and the state General Fund (from court fees) could be impacted. The maximum fine for a Class B misdemeanor is \$1,000. The total fee revenue per case would range between \$113 and \$135. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

The Indiana Department of Health may impose a civil penalty on food establishments of up to \$1,000 for each violation per day. These penalties are deposited in the General Fund.

Explanation of Local Expenditures: *Food Containing Low THC Hemp Extract:* A Class B misdemeanor is punishable by up to 180 days in jail.

A local health department may bring an enforcement action against a food establishment that violates the bill's requirement.

Explanation of Local Revenues: *Low THC Hemp Extract Violations:* If additional court actions occur and a judgement is entered, more revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$33.90 and qualifying municipalities will receive a share of \$2.10. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$33.50. The

following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Food Containing Low THC Hemp Extract: The bill could have an indeterminable impact on revenue collected by certain local units. If the case is filed in a court of record, the county general fund will receive \$47.40 and qualifying municipalities will receive a share of \$3.60. If the case is filed in a municipal court, the county receives \$30, and the municipality will receive \$46. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

State Agencies Affected: Office of the Attorney General, Indiana Department of Health.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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