

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 17, 2021**

**TO:** Honorable Charles Perry, Chair, Senate Committee on Water, Agriculture & Rural Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3948** by King, Tracy O. (Relating to the production and regulation of hemp and consumable hemp products; authorizing a fee.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3948, As Engrossed : a negative impact of (\$1,197,984) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$598,992)
2023	(\$598,992)
2024	(\$598,992)
2025	(\$598,992)
2026	(\$598,992)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>	<b>Probable Revenue Gain/(Loss) from New General Revenue Dedicated Consumable Hemp Product account</b>
2022	(\$598,992)	\$598,992
2023	(\$598,992)	\$598,992
2024	(\$598,992)	\$598,992
2025	(\$598,992)	\$598,992
2026	(\$598,992)	\$598,992

**Fiscal Analysis**

This bill would amend the Agriculture and Health and Safety Codes concerning the production and regulation of hemp and consumable hemp products. The bill would exempt higher education institutions conducting hemp research from fees, permits, preharvest testing, certification, and penalties and fees associated with the Agriculture Code's requirements for cultivating hemp. The bill would require a higher education institution that sells or transfers hemp to another person to comply with requirements for preharvest testing, documentation, and shipping otherwise exempt from the bill.

The bill would require that any laboratory performing testing required under the Agriculture Code for cultivation of hemp be required to report on concentrations of certain chemicals as defined in the bill. The bill would permit the transport of seedlings and other immature hemp plants into the state or intrastate by a license holder without a permit as long as the plants are not sold to another person.

The bill would establish a new General Revenue–Dedicated Consumable Hemp Product account administered by the Department of State Health Services (DSHS) and consisting of appropriations to the account by the legislature, public or private gifts or donations, fees and penalties related to consumable hemp products, and interest and income earned. The bill provides that use of funding in the account be only used by DSHS for administration and enforcement of the hemp program.

This bill would take effect September 1, 2021.

### **Methodology**

Consumable hemp fees are collected by the Department of State Health Services and deposited to the credit of the General Revenue Fund under current law. Under the provisions of the bill, these fees would be deposited to the credit of the General Revenue–Dedicated Consumable Hemp Product account created by the bill. This analysis assumes a decrease of \$598,992 in General Revenue each year with an offsetting increase to the newly established General Revenue–Dedicated account associated with this transfer.

Based on information provided by the Office of Court Administration and Texas Department of Agriculture, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be absorbed with existing resources.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office of Court Admin, 304 Comptroller of Public Accounts, 537 State Health Services, 551 Department of Agriculture

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