153rd GENERAL ASSEMBLY
FEE IMPACT

BILL:	**HOUSE SUBSTITUTE NO. 1 FOR HOUSE BILL NO. 401**
SPONSOR:	**Representative Lynn**
DESCRIPTION:	**AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO THE REGULATION OF HEMP PRODUCTS.**

In accordance with 29 Del. C. §913, the following information is provided relating to licenses and fees.

Description of the Legislation:
This Act establishes "The Delaware Hemp Regulation Act" under Title 4 of the Delaware Code and creates a regulatory framework for the sale, distribution, taxation, testing, and regulation of hemp-derived cannabinoid products (HDCPs) in the State. Additionally, this Act authorizes the Office of the Marijuana Commissioner (OMC) to issue retail licenses for the off-premises sale of HDCPs and imposes a 6% excise tax on retail sales of HDCPs.

Retail HDCP license – An applicant seeking authorization to sell HDCPs for off-premises consumption must submit a $15,000 application fee to the OMC. Retail marijuana stores licensed under Chapter 13 of Title 4 of the Delaware Code are deemed to hold a retail HDCP license and are exempt from the application fee requirements under this Act.

HDCP excise tax – This Act imposes a 6% excise tax on the retail sale of all hemp-derived cannabinoid products in the State. Retailers must collect the tax from the consumer at the time of sale and remit the tax monthly to the Division of Revenue.

Affected Entities:
Department of Safety and Homeland Security, Division of Alcohol and Tobacco Enforcement (DATE) and Office of the Marijuana Commissioner (OMC); Department of Finance, Division of Revenue

Fiscal Impact:
Revenue generated under this Act would not begin until the OMC issues retail HDCP licenses and the sale of HDCPs becomes subject to the 6% excise tax. The amount of revenue generated will depend upon several factors, including the number licenses issued, the timing of implementation, and the volume of taxable retail sales. Because these factors are unknown at this time, the additional revenue generated by this Act is indeterminable.

Fiscal Year 2027: Indeterminable
Fiscal Year 2028: Indeterminable
Fiscal Year 2029: Indeterminable

Intended Use of Revenue:
This Act does not specifically designate the use or deposit of revenues generated through the retail HDCP license application fee or the 6% excise tax. It is assumed that revenues generated under this Act would be deposited into the General Fund.

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Office of the Controller General