

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 7040

BILL NUMBER: HB 1275

NOTE PREPARED: Jan 5, 2026

BILL AMENDED:

SUBJECT: Sale of Hemp Containing Products.

FIRST AUTHOR: Rep. Commons

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that a person selling certain hemp products may not permit an individual less than 21 years of age to enter the retail premises, and makes a violation a Class C infraction.

Effective Date: July 1, 2026.

Explanation of State Expenditures:

Explanation of State Revenues: *Sales Tax:* The bill could decrease sales tax revenue by an indeterminate amount, as it is unclear whether low THC hemp extract could still be sold at retail. The bill specifies that the provisions that govern retail sales only apply to low THC hemp extract containing delta-8 THC, delta-10 THC, or other THC-related cannabinoids, which are prohibited by definition. The current definition of low THC hemp extract requires the product to be derived from hemp, contain no more than 0.3% delta-9 THC, and contain *no other* controlled substance.

Annual sales tax on low THC hemp extract products is estimated between \$2.3 M to \$4.2 M. Sales tax revenue is distributed to the General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).

Penalty Provision: The bill could increase revenue to the state General Fund from additional court fees and infraction judgments. Current law requires a person to comply with packaging requirements for the retail sale of low THC hemp extract. The bill additionally requires the person to prohibit individuals under 21 years of age from entering the retail establishment and to display certain signage near every entrance.

It removes the various infractions for violations of packaging requirements and sets all violations as Class C infractions with specified civil judgments of \$400 if no prior violation in the previous year, \$800 if one violation in the previous year, \$1,400 if two violations in the previous year, or \$2,000 if three or more violations in the previous year. The civil judgment revenue would be deposited into the General Fund.

Court fee revenue per case ranges from \$85.50 to \$103, 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.](#)

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and guilty verdicts are entered, certain local units will collect more revenue. 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:

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

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.
CBD Statistics, <https://cbdoracle.com/news/cbd-statistics>;
<https://www.in.gov/attorneygeneral/files/advisory-opinions/2023%20Ind.%20Op.%20Att'y%20Gen.%2001.pdf>.

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