

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

**LS 6775**  
**BILL NUMBER:** HB 1285

**NOTE PREPARED:** Jan 9, 2026  
**BILL AMENDED:**

**SUBJECT:** Low THC Hemp Extract.

**FIRST AUTHOR:** Rep. Bascom  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Hemp*: The bill defines "hemp" as a cannabis plant that contains not more than 0.3% total THC.

*Low THC Hemp Extract*: The bill defines "low THC hemp extract" as a substance that:

- (1) is derived from hemp;
- (2) does not contain more than 0.3% total THC;
- (3) does not contain synthetic or synthesized cannabinoids;
- (4) contains no other controlled substances; and
- (5) is not sold in a container that contains more than 0.4 milligrams of total THC.

*Pre-2026 Low THC Hemp Extract*: The bill provides that a person that manufactured low THC hemp extract before January 1, 2026, may continue to manufacture the product solely for out of state export.

*Products Containing THC*: The bill prohibits the sale of products containing THC to minors and the purchase, possession, or transport of products containing THC by minors.

It makes conforming amendments.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC)*: The ATC Excise Police will have an increase in workload to enforce the bill's provisions regarding possession, consumption, or transportation of a product containing THC by a minor and furnishing of a product containing THC to a minor. Additional workload should be able to be accomplished using existing resources.

*Hemp*: The bill changes the definition of "hemp" under the regulation of the Office of the State Chemist (OISC), applying the 0.3% limit to total THC concentration, not just delta-9 THC. OISC workload could increase to update their website and guidance to licensed hemp growers. OISC expenditures could also

increase if they the number of random samples they test increases. Conversely, the change in definition could reduce the number of hemp grower or hemp handler permits. [The State Chemist is the State Seed Commissioner by virtue of office.]

*Bureau of Motor Vehicles (BMV):* The BMV would have an indeterminate, but likely minimal increase in workload to process suspensions, pursuant to a court order, related to minors consuming or transporting products containing THC.

**Explanation of State Revenues:** *Sales Tax:* The bill could decrease sales tax revenue by an indeterminate, but potentially minimal amount, depending on how the change in definition impacts sales. The impact on sales tax would depend on the portion of current sales that are made up of products that meet the current definition of low THC hemp extract, but do not meet the bill's definition. The impact would also depend on the speed and extent to which sellers are able to transition from low THC hemp extract products, as currently defined, to products that meet the requirements of the bill. 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 Provisions:* The bill could increase court cases as it expands infractions, misdemeanors, and felonies for certain alcohol offenses to include products containing THC (possession, consumption, or transportation by a minor, furnishing to a minor, and contributing to the delinquency of a minor). Court fee revenue per case would range between \$113 and \$138, depending on whether the case is filed in a court of record or a municipal court.

If additional court cases occur and fines are collected, revenue would increase to the Common School Fund, the state General Fund, and the ATC Enforcement and Administration Fund. These fines and judgments range from \$200 to \$10,000. 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:** Local expenditures could increase from the expansion of several offenses to include products containing THC. A Class C misdemeanor is punishable by up to 60 days in jail, a Class B misdemeanor by up to 180 days, and a Class A misdemeanor by up to one year. The Gateway reports show that in CY 2023, housing offenders in 33 Indiana county jails cost an average of \$56 to \$79 per day, while the average cost for community corrections supervision is \$10.96 per day and for probation supervision is \$3.39 per day.

Courts may have a minimal increase in workload to send orders to the BMV to suspend the driving privileges of minors for consuming or transporting products containing THC, as allowed by the bill.

**Explanation of Local Revenues:** If additional court actions occur and guilty verdicts are entered, more revenue will be 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:** Alcohol and Tobacco Commission, Bureau of Motor Vehicles, Office of the State Chemist.

**Local Agencies Affected:** Trial courts, city and town courts, local law enforcement agencies, community corrections programs.

**Information Sources:** <https://oisc.purdue.edu/hemp/index.html>; Department of Corrections; Indiana Sheriffs' Association, Indiana Supreme Court, Indiana Trial Court Fee Manual; Indiana Gateway for Government Units, 2023 Annual Financial Reports, <https://gateway.ifionline.org/public/download.aspx>; Bureau of Justice Statistics, 2023 Annual Survey of Jails Data Series, <https://www.icpsr.umich.edu/web/NACJD/series/7>; <https://iar.iga.in.gov/register/20240501-IR-010240159AOA>; <https://cbdoracle.com/news/cbd-statistics/>.

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