

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

LS 6586

BILL NUMBER: HB 1346

NOTE PREPARED: Dec 17, 2025

BILL AMENDED:

SUBJECT: Low THC Hemp Extract.

FIRST AUTHOR: Rep. Slager

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill has the following provisions:

It defines "hemp" as a cannabis plant that contains not more than 0.3% total THC.

It 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.

It makes conforming amendments.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Hemp:* The bill changes the definition of "hemp" under the regulation of the State Seed Commissioner, applying the 0.3% limit to total THC concentration, not just delta-9 THC. This could minimally increase workload to update their website and guidance to licensed hemp growers and could potentially increase expenditures if the number of random samples they test increases.

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.

Additional Information: 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%).

The current definition requires a product to be derived from hemp, contain no more than 0.3% delta-9 THC, and contain no other controlled substance. The bill's definition requires low THC hemp extract to contain no more than 0.3% *total* THC concentration by dry weight; contain no synthetic or synthesized cannabinoids; and be sold in a container that contains, in aggregate, no more than 0.4 milligrams of total THC and precursors.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Seed Commissioner.

Local Agencies Affected:

Information Sources:

<https://iar.iga.in.gov/register/20240501-IR-010240159AOA>;

<https://cbdoracle.com/news/cbd-statistics/>;

<https://oisc.purdue.edu/hemp/labs.html>.

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