



FISCAL NOTE

Senate Bill 255

Committee: Tourism

Sponsor: Senator Rodger M. Smitherman

Analyst: Tiffany Weaver

Date: 04/01/2025

Senate Bill 255 as introduced would levy a 6% sales tax on the sale of all novelty cannabinoid products, beginning January 1, 2026 and would require the tax proceeds to be deposited into the Novel Cannabinoid Safety (NCS) Fund, created by this bill.

This bill would increase the obligations of the Department of Revenue to: (1) issue (initial and annual) retailer licenses to sell novelty cannabinoid products, beginning July 1, 2025; (2) report certain information to the Legislature annually, beginning January 1, 2027; and (3) adopt rules to implement the provisions of this bill. However, the increased obligations would be offset, in whole or in part by the revenues deposited into the NCS Fund, which shall include: (1) the tax proceeds generated from the 6% sales tax on novel cannabinoid products; (2) application filing fees, which shall be determined by the Department by rule; and (3) civil penalties imposed by Department, not to exceed \$10,000 for violating the provisions of this bill.

In addition, this bill would also increase the obligations of the Department of Agriculture and Industries, beginning January 1, 2026, to: (1) establish testing and labeling requirements for the sale of novelty cannabinoid products prior to being sold; (2) establish standards and guidelines for testing by independent, 3rd party laboratories; and (3) adopt rules to implement the provisions of this bill. Any increased obligations would be offset, in part, by the \$20 fee collected for each novel cannabinoid product tested and labeled.