



**SF 2417** – Consumable Hemp Products, Excise Tax (LSB6353SV)  
 Staff Contact: Evan Johnson (515.281.6301) [evan.johnson@legis.iowa.gov](mailto:evan.johnson@legis.iowa.gov)  
 Fiscal Note Version – New

**Description**

[Senate File 2417](#) establishes an excise tax of 25.0% on the sales price of consumable hemp products sold or purchased at bars or restaurants. Moneys collected from the excise tax are deposited into the General Fund. The Bill also exempts the sales price of such consumable hemp products from sales and use tax.

**Background**

Under current law, consumable hemp products are subject to sales and use tax.

A [consumable hemp](#) product is any item derived from, or made by, processing hemp that includes a substance that is metabolized or is otherwise subject to a biotransformative process when introduced into the human body. Consumable hemp products manufactured or sold in Iowa must contain 0.3% or less total THC to be legal.

**Assumptions**

- This Bill is effective July 1, 2024 (FY 2025).
- The estimated value of sales of consumable hemp products is assumed to increase by 2.0% annually.
- The value of consumable hemp products sold nationally is estimated to be \$390.0 million.
- Iowa is estimated to represent 0.96% of the national consumable hemp product market. This is based on Iowa representing 0.96% of the national population according to [Census Bureau](#) data.
- According to Iowa Department of Revenue data, 8.5% of consumable hemp product sales are estimated to occur in a bar or restaurant.
- The fiscal impact to the General Fund consists of an increase from the 25.0% excise tax and a decrease from the sales and use tax exemption specified in the Bill.
- Secure an Advanced Vision for Education (SAVE) refunds are 1.0% of taxable expenditures. Local Option Sales Tax (LOST) distributions are estimated to be 0.97% of taxable expenditures.

**Fiscal Impact**

Senate File 2417 is estimated to impact annual revenues to the General Fund, the SAVE Fund, and the LOST by the amounts in **Figure 1**.

**Figure 1 — Fiscal Impact of SF 2417**

	<u>General Fund</u>	<u>SAVE</u>	<u>LOST</u>
FY 2025	\$ 72,000	\$ -3,600	\$ -3,500
FY 2026	73,000	-3,700	-3,500
FY 2027	74,000	-3,700	-3,600
FY 2028	76,000	-3,800	-3,700
FY 2029	78,000	-3,900	-3,800

**Source**

Iowa Department of Revenue

/s/ Jennifer Acton

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March 26, 2024

Doc ID 1448333

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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