

FISCAL NOTE
HOUSE BILL NO. 1566
LC# 25.1127.01000
01/27/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$171,000		\$190,000
Expenditures			\$1,537,305	\$171,000	\$1,483,846	\$190,000
Appropriations			\$1,537,305	\$171,000	\$1,483,846	\$190,000

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

The bill establishes a new chapter of Century Code for the regulation of kratom.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

The bill requires the Department of Health and Human Services to adopt administrative rules to administer the chapter, license retailers, register kratom products, and maintain a kratom registration page listing all registered kratom products for sale.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The bill requires a fee for a retailer to obtain a license to sell kratom products. Testimony provided by the Kratom Association on House Bill 1101 (a bill to place kratom on the controlled substances list) identified there are more than 300 retail outlets that sell kratom. The Department estimates 200 entities could potentially be licensed. The anticipated annual fees to assess would be \$500 for a retailer in a city with a population of 500 and over and \$250 for a retailer in a city with a population under 500. The special fund revenue for the 2025-27 Biennium will be approximately \$171,000.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The bill creates a new regulatory program in the Department. The Department would need to hire eight additional full-time equivalents (FTEs) for implementing requirements. The Department will incur operating costs associated with computers, rent, and related costs. In addition, the Department would procure an information technology system for licensing retailers and registering products for sale (estimated at \$100,000, annual hosting and maintenance cost of \$10,000). Total projected costs related to the bill for the 2025-27 biennium are \$1,708,305 and are broken out as follows:

Salaries and wages: \$1,251,323

Operating: \$456,982

With projected fee revenue of \$171,000 for the 2025-27 biennium, the Department would estimate general funds of \$1,537,305 are needed.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Special fund revenue for the 2025-27 biennium is estimated to be \$171,000. The fees collected would be used to pay expenses. The remaining estimated expenditures would result in general funds of \$1,537,305 Being requested by the Department.

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