

**FISCAL NOTE**  
**HOUSE BILL NO. 1566**  
**LC# 25.1127.04000**  
**04/07/2025**

**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
<b>Revenues</b>			\$80,000		\$80,000	
<b>Expenditures</b>			\$580,808		\$600,848	
<b>Appropriations</b>			\$580,808		\$600,848	

**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
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

**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 provides for a legislative management study relating to the regulation of kratom.  
The engrossed bill relates to the regulation of kratom products; to provide a study; to provide a penalty; and to provide an appropriation.

**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.*

HB 1566 originally required 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.

HB 1566 as amended provides for a legislative management study relating to the regulation of kratom, and no longer has any fiscal impact.

Section 1 of the engrossed bill adds an administrative penalty of up to \$500 (first offense) and up to \$1,000 (second offense). It also requires a retail license for each facility, the annual license is \$50. There is also an annual registration fee of \$25 for each product.

## 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.*

For 2025-2027 and 2027-2029 we are estimating: licenses of 300/year x \$50 = \$15,000 x 2 = \$30,000 for the biennium.

Registration of 1,000/yr x \$25 = \$25,000 x 2 = \$50,000 for the biennium. Total revenue = \$80,000.

## 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.*

Section 3 provides an appropriation and two full-time equivalent positions. For 2025-2027, the general fund appropriation is \$580,808 (Salary=400,808; Operating=180,000) For 2027-2029, we estimated a 5% increase in salary and benefits, for a total general fund appropriation of \$600,848 (Salary=420,848; Operating=180,000).

## 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.*

Section 3 provides an appropriation and two full-time equivalent positions. For 2025-2027, the general fund appropriation is \$580,808. For 2027-2029, we estimated a 5% increase in salary and benefits, for a total general fund appropriation of \$600,848.

## Contact Information

**Name:** Lynette Baumiller

**Agency:** Agriculture

**Telephone:** 7013281960

**Date Prepared:** 04/07/2025