FISCAL NOTE
HOUSE BILL NO. 1628
LC# 25.1453.05000
09/03/2026

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				$7,000,000		$7,000,000
Expenditures			$1,207,360			$2,519,192
Appropriations			$1,270,360			$2,519,192

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).

See attachment

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.

See attachment

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.

See attachment

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.

See attachment for detail

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.

See attachment

Contact Information

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Date Prepared: 08/27/2026

Fiscal Note – HB 1628

Attorney General's Office

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).

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.

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.

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.

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.

3 – Section 2 would require the agency to adopt admin rules, annually license each kratom processor and retailer, conduct background checks of license applicants, inspect kratom processors and retailers, lab test for mitragynine and kratom alkaloids, and enforce Section 2. Section 1 would require Crime Lab testing for mitragynine and kratom alkaloids.

4 – The number of kratom processors and retailers is unknown. There are 1,388 smoke shops and tobacco retailers in ND. Other entities also can sell kratom products. Testimony indicated kratom sales are highly profitable.

To be conservative, the agency assumed at least 700 entities would be licensed to process or sell kratom products (as defined in the bill) and, at a minimum, annual inspections would be needed. Each licensee may sell many different kratom products, meaning there likely would be thousands of kratom products for sale.

Under Section 2 of the bill, the Bureau of Criminal Investigation would have to conduct the inspections of processors and retailers around the state. At least annual inspections are necessary for enforcement and deterrence. Assuming, at a minimum, there are 700 processors and retailers, at least 4 BCI investigators would be needed.

Licensing and licensing renewals likely would necessitate background checks of applicants and at least some employees, similar to licensing of alcohol establishments. Any background checks would have to be conducted by BCI. If there are 700 licensed establishments and each establishment has several employees – with some having more than 20 – BCI would have to conduct several thousand background checks per year. An experienced criminal history and records specialist at BCI may be able to conduct 3000 background checks per year. It is anticipated that 2 new criminal history and records specialists would be needed to process the resulting background checks.

The Crime Lab would need to test products for compliance with the adulteration, contamination, and labeling provisions of the new N.D.C.C. 51-38-03, as well as any enforcement of the offenses in Section 1 of the bill. A liquid chromatograph/mass spectrometer with diode array detector, associated supplies, and 2 forensic scientists would be needed for this type of testing.

The Licensing team would need to process the license applications and annual renewals under Section 2 of the bill. To accommodate the anticipated large volume of a new type of license with new eligibility criteria and compliance requirements, a new module to the agency's licensing software may need to be developed. The current Licensing team may be able to process the licenses if 1 administrative assistant is added.

Although drafting and adopting administrative rules would be an extensive undertaking, the agency can do so without new FTEs.

The agency would need to invest in the necessary laboratory equipment, supplies, software, and FTEs before licensing revenue would be received.

The cost to law enforcement agencies and others under Section 1 is unknown.

5 – License applications could not be submitted until admin rules are adopted, after review by the legislative Administrative Rules Committee. To prepare for the regulatory and enforcement requirements that the BCI, Crime Lab, and Licensing team would have to carry out, the agency would need to expend significant resources and hire new FTEs before license applications and fees would be received.

Assuming 700 new licensees, the revenue for initial licenses under 51-38-02 would be 7,000,000, but it is unknown how quickly any entity would submit their initial license applications with the associated fee.

License renewals would cost $5,000 each, so revenue would change to $3,500,000 per year, assuming 700 licensees.

6 – See attached spreadsheet

7 – Section 2 of the bill creates a kratom operating fund that the agency could use only for enforcement activities, subject to legislative appropriation.

Section 3 of the bill appropriates $20,000, *or so much of the sum as may be necessary*, to the Department of Health and Human Services to provide a kratom public health awareness campaign, including the maintenance of kratom resources on the department's website. It is unknown how much may be required for the awareness campaign.

2025-2027 Expenses - General Funds						
BCI	**FTE's**	**Salary and Benefits**	**Operating for New FTE's (ongoing)**	**Operating one time new FTE**	**Capital Assets for FTE's**	
4 agents*	4	259,996.00	53,235.00	79,140.00	256,400.00	**648,771.00**
2 criminal history and record specialistis II *	2	84,135.00	10,905.00	9,000.00	-	**104,040.00**
Crime Lab						
2 forensic scientists *	2	98,876.00	20,652.00	18,000.00	-	**137,528.00**
Additional instrument - LC/MS W DAD		-	-	-	250,000.00	**250,000.00**
Additional supplies for testing		-	15,000.00	-	-	**15,000.00**
Fiscal						**-**
1 Admin staff *	1	42,068.00	5,453.00	4,500.00		**52,021.00**
Total FTE's and Cost	**9**	**485,075.00**	**105,245.00**	**110,640.00**	**506,400.00**	**1,207,360.00**

* Assumed 6 months for salary and ongoing operating expenses

2027-2029 Expenses - Special Funds						
BCI	**FTE's**	**Salary and Benefits**	**Operating for New FTE's (ongoing)**	**Operating one time new FTE**	**Capital Assets for FTE's**	
4 agents	4	1,103,319.00	212,940.00	-	-	**1,316,259.00**
2 criminal history and record specialistis II	2	357,035.00	43,620.00	-	-	**400,655.00**
Crime Lab						
2 forensic scientists	2	419,590.00	82,608.00	-	-	**502,198.00**
Additional instrument - LC/MS W DAD		-	-	-	-	**-**
Additional supplies for testing		-	30,000.00	-	-	**30,000.00**
Equipment Maintenance contract		-	80,000.00	-		**80,000.00**
Fiscal						**-**
1 Admin Staff	1	168,270.00	21,810.00	-	-	**190,080.00**
Total FTE's and Cost	**9**	**2,048,214.00**	**470,978.00**	**-**	**-**	**2,519,192.00**