

January 21, 2021

The Honorable John Barker, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 285A-N
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2056 by House Committee on Federal and State Affairs

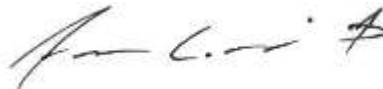
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2056 is respectfully submitted to your committee.

HB 2056 would amend the Kansas Food, Drug and Cosmetic Act to regulate the manufacture, preparation, distribution and sales of products containing kratom. The bill would define “kratom dealer” and “kratom product,” would establish penalties for false labeling or compounding and selling certain types of kratom mixtures and would prohibit dealers from selling or otherwise providing kratom products to individuals under 18 years of age. In addition, the bill would establish legal remedies for damages resulting from violations of the Act. The Secretary of the Kansas Department of Agriculture (KDA) would be required to adopt rules and regulations for the administration and enforcement of the Act and for establishing fees for the issuance of annual kratom dealer licenses and fees for other expenses to defray the cost of implementing and enforcing the provisions of the Act. The Secretary would also be authorized to inspect and sample kratom products and could stop further sale or movement of any kratom products found to be in violation of any of the provisions of the Act.

Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	--	\$115,500
Expenditure	--	--	--	\$112,500
FTE Pos.	--	--	--	--

The KDA reports that enactment of HB 2056 would significantly broaden the authority and scope of the KDA-Food Safety Program. The agency estimates that approximately 300 kratom dealers exist within the state. With a one-time application fee of \$100 and a yearly license fee of \$285, revenue of \$115,500 would be generated in the first year the legislation is in effect and \$93,000 for all subsequent years. Expenditures would include the cost to conduct inspections, lab tests, administrative costs and overhead. The agency indicates that the largest expense would be for testing, with lab testing supplies costing nearly \$450 per sample. This testing would be performed every three years for each licensee. Any fiscal effect associated with HB 2056 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Kellen Liebsch, Agriculture