

January 31, 2023

The Honorable Will Carpenter, Chairperson
House Committee on Federal and State Affairs
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Carpenter:

SUBJECT: Fiscal Note for HB 2188 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2188 is respectfully submitted to your committee.

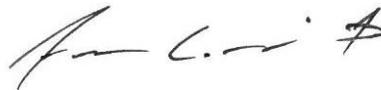
HB 2188 would regulate kratom products and dealers under the Kansas Food, Drug, and Cosmetic Act. The Secretary of Agriculture would be required to issue licensure of kratom dealers and promulgate rules and regulations regarding such licensure. The Act would prohibit certain levels of non-kratom substances and synthetic additions to kratom products, tasking the Kansas Department of Agriculture with sampling, inspecting, and analyzing such products sold within the state.

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	--	\$99,000
Expenditure	--	--	--	\$98,655
FTE Pos.	--	--	--	--

The Kansas Department of Agriculture estimates that regulating kratom products and dealers under the agency's Food Safety & Lodging Program would generate \$99,000 of revenue in FY 2024 and \$76,500 of revenue in all subsequent fiscal years. The larger revenue estimate for FY 2024 is due to one-time application fees.

The most significant expense associated with HB 2188 is for testing products, with lab testing supplies costing nearly \$700 per sample. The Department of Agriculture estimates that the cost of implementing HB 2188 would total \$98,655 per year, including \$70,000 per year for product testing, \$20,000 per year for administration and overhead, and \$8,655 for inspections and sampling. Any fiscal effect associated with HB 2188 is not reflected in *The FY 2024 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, Department of Agriculture