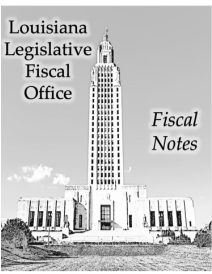


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 253** HLS 25RS 163
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 14, 2025	8:34 PM	Author: BOYER
Dept./Agy.: Health		
Subject: Kratom Consumer Protection Act		Analyst: Anthony Shamis

DRUGS OR INCREASE SG EX See Note Page 1 of 2
 Provides relative to kratom

Proposed law creates the Kratom Consumer Protection Act, which sets criteria to regulate the sale, registration, and safety of Kratom products in Louisiana. All manufacturers of kratom products must register with the Louisiana Department of Health (LDH) and pay a registration fee. LDH shall not register products that are not in compliance with registration requirements. Manufacturers must submit a certificate of analysis from a testing facility in the United States. Manufacturers must report all adverse events to LDH and the USDA through an adverse event report via certified mail. Failure to report an adverse event to LDH will result in the revocation of the products registration.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures in the LDH, Office of Public Health (OPH) by an indeterminable amount, in order to establish a Kratom Consumer Protection Program. This legislation mandates LDH to establish and operate a program for registration, monitoring, and compliance of kratom manufacturers in this state. Specifically, LDH will be responsible for the annual registration/renewal of kratom manufacturers; product composition and packaging requirements; and enforcement of compliance through label reviews (ingredients/serving size), statewide vendor inspections and registration reviews, and revocation of registrations for noncompliant manufacturers.

OPH projects an increase in SGR expenditures to establish a registration program within the Bureau of Sanitarian Services for the regulation of Kratom, as required by the Kratom Consumer Protection Act. This estimate is based on the projected need for (1) Program Manager 1A to provide oversight of the program, four (4) new Administrative Coordinator 4s for label reviews, and (1) Sanitarian 4 for statewide vendor inspections and registration reviews. OPH anticipates the program to begin by the end of the first quarter of FY 26. Additionally, OPH reports the need for \$20,928 for operating expenses, such as field travel, office space, telephone lines, etc.; \$25,000 for a professional services contract to develop the registration database; as well as \$20,712 for the purchase of equipment, such as computers, printers, desks, etc. (three-year replacement schedule).

Note: LFO is unable to corroborate the estimated staffing level and operational costs projected by LDH. The LFO has requested the estimated number of manufacturers and hours required to review applications, and approve, to ensure program compliance annually.

CONTINUE EXPENDITURE EXPLANATION ON PAGE 2

REVENUE EXPLANATION

Proposed law is anticipated to increase SGR revenue in LDH, OPH by an indeterminable amount. The number of kratom manufacturers that will be required to register is unknown. Manufacturers must register each kratom product intended to be sold to customers in this state with LDH annually. Although the proposed law authorizes LDH to asses annual registration fees for kratom manufacturers, the proposed law does not specify the amount of the registration fee, but does require a fee amount that will cover all the costs for processing and administering the registration program.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:


EXPENDITURES

Position	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Administrative Coordinator 4 (4 positions)	\$187,104	\$256,958	\$264,665	\$272,606	\$280,784
Program Manager 1A	\$98,691	\$135,535	\$139,601	\$143,789	\$148,102
Sanitarian 4	<u>\$84,288</u>	<u>\$115,754</u>	<u>\$119,227</u>	<u>\$122,804</u>	<u>\$126,488</u>
Personal Services Sub-total	\$370,083	\$508,247	\$523,493	\$539,199	\$555,374
Operating Expenses	\$20,928	\$20,928	\$20,928	\$20,928	\$20,928
Professional Services	\$25,000	\$0	\$0	\$0	\$0
Equipment	\$20,712	\$0	\$0	\$20,712	\$0
Total Expenditures	\$436,723	\$529,175	\$544,421	\$580,839	\$576,302
T.O.	6	6	6	6	6

The agency states that the projected costs are estimated based on prior experience in setting up the cannabis program.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
Deputy Fiscal Officer