

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 572** HLS 23RS 766

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 1, 2023	2:57 PM	<b>Author:</b> GOUDEAU
<b>Dept./Agy.:</b> Agriculture and Forestry		<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Kratom Consumer Protection Act		

CONSUMERS/PROTECTION

OR SEE FISC NOTE SG EX

Page 1 of 1

Provides relative to kratom products

Proposed law creates the Kratom Consumer Protection Act under the regulation of the Commissioner of the LA Department of Agriculture and Forestry (LDAF). Proposed law requires processors of kratom to adhere to product limitations that exclude certain non-kratom substances. Proposed law prohibits the distribution and sale of kratom products to minors, under 18 years old. Proposed law requires kratom processors to register products annually, which includes paying a registration fee, providing a certificate of analysis (COA) from a certified independent third party, noncompliance reports, and any adverse events (AE) reports. If it has a reasonable basis, proposed law authorizes LDAF to require an independent third party to test registered kratom products, and the processor is responsible for payment of testing. Proposed law enacts violations as follows: (1) administration fine up to \$500 for 1st offenses; and (2) administration fine up to \$1,000 for 2nd and subsequent offenses.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
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Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law may result in an indeterminable increase in SGR expenditures within the LA Department of Agriculture and Forestry (LDAF). The proposed law creates the Kratom Consumer Protection Act and requires kratom processors to register annually with LDAF. In addition, the proposed law authorizes LDAF to independently test kratom products by a third-party laboratory (paid by kratom processors) and assess administrative fines for violations of prohibited substances in kratom products.

Although the proposed law authorizes LDAF to assess annual registration fees on kratom processors, the proposed law does not specify the amount of the registration fee but does authorize a fee schedule that will cover all administrative costs to the department. The exact number of kratom in-state processors and out-of-state processors is unknown. LDAF reports that the exact size and volume of the kratom industry sales are indeterminable. Therefore, any regulatory responsibilities and related expenditures are indeterminable.

**REVENUE EXPLANATION**

Proposed law may result in an increase in SGR revenues within LDAF from registration fees and administrative fines authorized under this measure. Although the proposed law authorizes LDAF to assess annual registration fees for kratom processors, the proposed law does not specify the amount of the registration fee but does require a fee amount that will cover all administrative costs to the department. The number of kratom processors that may register with the department is speculative and indeterminable.

Also, the proposed law provides for an administrative fine for violations as follows: (1) up to \$500 for 1st offense, and (2) up to \$1,000 for 2nd and subsequent offenses. The number of kratom processors that may violate the proposed law and be assessed administrative fines by the Commissioner of LDAF is speculative and indeterminable.

Senate  
 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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Interim Deputy Fiscal Officer**