

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6966H.011
Bill No.: HB 3147
Subject: Consumer Protection; Drugs and Controlled Substances; Department of Health and Senior Services
Type: Original
Date: February 25, 2026

Bill Summary: This proposal creates new provisions relating to the sale of kratom products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$1,007,055 to \$1,067,055)	(\$1,070,235 to \$1,131,435)	(\$1,090,985)
Total Estimated Net Effect on General Revenue	(\$1,007,055 to \$1,067,055)	(\$1,070,235 to \$1,131,435)	(\$1,090,985)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Office of Prosecution Services** did not respond to **Oversight's** request for fiscal impact for this proposal.

§196.1170 – Sale of Kratom Products

Officials from the **Department of Health and Senior Services (DHSS)** state section 196.1170 of the proposed legislation directs the DHSS to regulate the sale and distribution of kratom products as well as promulgate rules for the sale and distribution program.

This legislation would require DHSS to inspect dealers of kratom products to ensure that they are meeting the requirements of the legislation and any rule promulgated. Dealers are defined in the proposed legislation and would include manufacturers, wholesalers, stores, restaurants, hotels, catering facilities, camps, bakeries, delicatessens, supermarkets, grocery stores, convenience stores, nursing homes, or food or drink companies. Most of these facilities listed are already regulated by DHSS, however there are establishments that do not meet the definition of food establishment but would require regulation and inspection.

There are over 40,000 Retail Food Establishments in Missouri and DHSS estimates 10% of these establishments would attempt to meet the requirements to sell these products. In addition, the number of shops that are not currently inspected but would attempt to meet the requirements of this legislation is estimated to be 2-3% of the total number of food establishments. DHSS/local public health agencies (LPHA) would need to inspect approximately 4,800 to 5,200 establishments annually. DHSS does not have the staffing level across the state to conduct this work so inspections would be conducted by LPHA inspectors under contract with the Department resulting in \$720,000 to \$780,000 (\$150 per inspection) in contract funding.

The development of rules and regulations at this scale, as well as the management of the above-mentioned contracts, would require the experience of an Environmental Program Supervisor as an Operations Manager at \$93,931 per year.

An additional Legal Counsel, 1.0 FTE at \$99,200 per year, will be needed to:

- Represent the department in hearings regarding fines against kratom dealers for violating
- Represent the department and coordinate with the AGO in efforts to collect fines assessed for violations
- Coordinate with local prosecutors on probable cause statements, discovery, and securing witness testimony for violations that result in criminal penalties
- Represent the department in responding to subpoenas in civil cases stemming from violations of the requirements in this bill 196.1170(4) This section places requirements on dealers of Kratom Products regarding labeling, contents, and age limitations.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DHSS.

DHSS officials state the proposed legislation outlines that the director of the DHSS, or their designee, may, after notice and hearing, impose a fine on a dealer of no more than \$500 for the first offense and no more than \$1,000 for the second or subsequent offense. If fines are imposed, this would increase total state revenue.

Oversight notes that violations of section 196.1170 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Oversight notes provisions of this proposal (§196.1170.3) provides that the General Assembly occupies and preempts the regulation of kratom products to the exclusion of any order, ordinance, or regulation of any political subdivision of the state and that any political subdivision's existing or future orders, ordinances or regulations relating to kratom will be void. As Oversight does not have information to the contrary, Oversight will reflect a \$0 to (Unknown) potential loss of revenue to local governments.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Commerce and Insurance, Department of Public Safety - Missouri Highway Patrol, Office of the State Public Defender, Office of the State Courts Administrator, City of Kansas City and Newton County Health Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DHSS (§196.1170) p.3</u>			
Personal service	(\$160,943)	(\$196,994)	(\$200,933)
Fringe benefits	(\$91,958)	(\$111,903)	(\$113,487)
Equipment and expense	(\$34,154)	(\$26,938)	(\$27,477)
<u>Total Costs – DHSS</u>	<u>(\$287,055)</u>	<u>(\$335,835)</u>	<u>(\$341,897)</u>
FTE Change - DHSS	2 FTE	2 FTE	2 FTE
<u>Cost – DHSS (§196.1170) Local Public Health Agency inspection contracts p.3</u>	(\$720,000 to \$780,000)	(\$734,400 to \$795,600)	(\$749,088)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$1,007,055 to \$1,067,055)	(\$1,070,235 to \$1,131,435)	(\$1,090,985)
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain – School Districts</u> (§196.1170) Fines p.4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Loss – Cities</u> (§196.1170) Reduction in licensing fees p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL IMPACT – Small Business

This proposal may directly impact small businesses that sell kratom products. (§196.1170)

FISCAL DESCRIPTION

This bill establishes the "Kratom Consumer Protection Act", which grants authority to the General Assembly to occupy and preempt the entire field of the regulation of kratom products in Missouri. This bill requires dealers who prepare, distribute, sell, or expose for sale a food that is represented to be a kratom product to disclose on the product label the basis on which this representation is made.

A dealer is prohibited from preparing, distributing, selling, or exposing for sale a kratom product that does not conform to these labeling requirements. A dealer may not prepare, distribute, sell, or expose for sale a kratom product that is adulterated or contaminated with a dangerous non-kratom substance, contains a level of 7hydroxymitragynine in the alkaloid fraction that is greater than 2% composition of the product, contains any synthetic alkaloids, or does not include on its package or label the amount of mitragynine, 7-hydroxymitragynine, or other synthetically derived compounds of the plant *Mitragyna speciosa*. A dealer may not distribute, sell, or expose for sale a kratom product to anyone under 18 years of age.

The bill specifies penalties for a violation of the labeling requirements and allows for a person who is aggrieved by a violation of the labeling requirements to bring a cause of action for damages resulting from the violation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. It would require additional rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Commerce and Insurance
Department of Health and Senior Services
Department of Public Safety – Missouri Highway Patrol
Joint Committee on Administrative Rules
Office of the State Courts Administrator
Office of the Secretary of State
Office of the State Public Defender
City of Kansas City
Newton County Health Department



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February 25, 2026



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