

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 1005 - 3**

80th Oregon Legislative Assembly – 2019 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Creates a regulatory program for Kratom processors and products.

**Government Unit(s) Affected:**

Counties, Cities, District Attorneys and their Deputies (DAs), Oregon Department of Agriculture (ODA), Oregon Judicial Department (OJD), Oregon State Police (OSP)

**Summary of Fiscal Impact:**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

**Analysis:**

This bill regulates Kratom product labeling; raises the age for purchase of Kratom products from 18 to 21 years of age; requires Kratom processors to register Kratom products with the Oregon Department of Agriculture (ODA); requires ODA to test Kratom products; and authorizes ODA to seize and destroy unregistered Kratom products offered for sale.

Oregon Department of Agriculture (ODA)

Regulating Kratom will be a new program for ODA. The total number of Kratom products and processors is unknown but would include both in-state and out-of-state entities. Currently, Kratom products are not regulated by the Food and Drug Administration (FDA) and as such, there are no approved uses by FDA. This will add to the complexity of the research required to ensure products are safe for consumer use.

ODA will need to develop standards for labeling, product safety, and testing for label accuracy for all Kratom products. Rules for this program will need to be developed, including establishing a fee schedule. Once a fee schedule is implemented, the current licensing system would need to be updated and a product registration database would need to be developed at a minimum cost of \$50,000.

ODA would have to develop two lab testing standards, one to ensure label accuracy and one to ensure consumer safety. Testing would be conducted by private third-party labs and these costs are indeterminate.

Food Safety Program sanitarians will need training for product registration verification and label review while conducting field inspections. ODA will also develop outreach and education materials for Kratom retailers. These costs are estimated at \$20,000.

The bill gives ODA authority to seize and destroy product in certain circumstances. It is anticipated that each seizure case would be litigated. ODA staff could also potentially be called as a witness in criminal cases for violations. The on-going cost to destroy seized product is indeterminate.

No funding source is identified, and General Fund may be needed for start-up costs. Once fee authority is established, the program would be run on a cost recovery basis.

This new program will require a minimum of 1 full-time Natural Resource Specialist 3, a vehicle, computer equipment, and associated on-going services and supplies in the Food Safety Program. Ongoing staffing needs are indeterminate until the program is fully implemented.

Oregon State Police, Oregon Judicial Department, District Attorneys, Cities and Counties

This bill makes it a Class C misdemeanor to sell a Kratom product that has been mixed or packaged with a non-Kratom product that alters the strength of the product and makes it injurious. The bill makes it a class C misdemeanor to distribute, sell, or offer to sell a Kratom product to a person under 21 years old. Finally, the bill creates a private civil right of action for any injury that results from a violation of the provisions of the bill.

This bill is anticipated to have a minimal fiscal impact on the Oregon State Police, the Oregon Judicial Department, District Attorneys, Cities and Counties.

This bill will have a fiscal impact on the Oregon Department of Agriculture and should be referred to the Joint Committee on Ways and Means for budget and position authority.