SB25-072

JBC Staff Fiscal Analysis

Senate Appropriations Committee

Concerning the regulation of kratom.

Prime Sponsors:
Senators Mullica; Pelton B.
Representatives Lindsay; Soper

Date Prepared:
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Fiscal Impacts

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

New Cash Fund

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/10/25.

No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill.

Amendments in This Packet

J.001	Staff-prepared appropriation amendment
L.003/J.002	Bill Sponsor amendment - changes fiscal impact and appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001

Staff amendment **J.001** (attached) appropriates a total of $280,606 General Fund to the Department of Revenue for FY 2025-26, of which $144,439 is reappropriated to the Department of Law. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 1.3 FTE and the Department of Law will require an additional 0.6 FTE.

L.003 and J.002

Bill Sponsor Amendment **L.003** (attached) directs the Treasurer to transfer $306,344 from the tobacco litigation settlement cash fund to the Kratom Consumer Protection Cash Fund (created in the bill) as a loan to the Department of Revenue to defray its costs until the Department of Revenue receives adequate registration fee revenue. This is for the department's first-year costs, as reflected in the 1/30/25 fiscal note. The Department is directed to repay the loan as it receives revenues in excess of its expenses and to fully repay the loan by June 30, 2027.

Staff Amendment **J.002** (attached) appropriates a total of $280,606 from the Kratom Consumer Protection Fund to the Department of Revenue for FY 2025-26, of which $144,439 is reappropriated to the Department of Law. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 1.3 FTE and the Department of Law will require an additional 0.6 FTE.

If the Committee adopts L.003 and J.002, it should NOT adopt J.001.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2025-26 based on the March 2025 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes $18.2 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders.

General Fund Appropriation Placeholders for Other 2025 Legislation	
Description	FY 2025-26 Appropriation
Juvenile diversion, deflection, or detention	$10,000,000
General Assembly legislative priorities	6,521,739
Voter approved initiatives	1,700,000
Total	$18,221,739

This bill requires a General Fund appropriation of $280,606 for FY 2025-26, reducing the $18.2 million set aside by the same amount. Bill Sponsor Amendment **L.003** eliminates the General Fund impact.

TABOR/ Excess State Revenues Impact

The March 2025 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of $642.7 million for FY 2025-26 and $775.8 million for FY 2026-27 to be refunded to taxpayers out of the General Fund. Legislation that increases non-exempt revenue (such as cash funds) will increase the TABOR refund from the General Fund.

This bill is estimated to increase cash fund revenues by $409,606 in FY 2026-27, which will reduce the available General Fund by an equal amount. This bill is anticipated to increase the TABOR refund made out of the General Fund by $409,606 for FY 2026-27.