

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5719S.01I
 Bill No.: SB 927
 Subject: Children and Minors; Drugs and Controlled Substances; Food; Public Health;
 Merchandising Practices
 Type: Original
 Date: January 27, 2026

Bill Summary: This proposal regulates the sale of kratom in the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$9,269 to Unknown)	(\$22,691 to Unknown)	(\$23,145 to Unknown)
Total Estimated Net Effect on General Revenue	(\$9,269 to Unknown)	(\$22,691 to Unknown)	(\$23,145 to Unknown)

*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. Oversight assumes the unknown cost has the potential to exceed \$250,000.

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
Total Estimated Net Effect on FTE	0	0	0

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office (AGO)** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight was unable to receive the a response from the AGO in a timely manner. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§§196.1170 and 196.1175 - Sale of Kratom in the State

Officials from the **Department of Corrections (DOC)** state Section 196.1170 is created to establish the offense "Knowingly prepare, distribute, advertise, sell, or offer a kratom product. The bill deems a person that violates this statute as having engaged in an unlawful practice in violation of section 407.020 which prescribes a Non-Violent Class E felony for any person who willfully and knowingly engage in any act, use, employment or practice declared to be unlawful with the intent to defraud.

For each new nonviolent class E felony, the department estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, with 1.4 years until first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$11,123)	(\$9,269)	0	\$0	2	(\$9,269)
Year 2	2	(\$11,123)	(\$22,691)	0	\$0	4	(\$22,691)
Year 3	2	(\$11,123)	(\$23,145)	0	\$0	7	(\$23,145)
Year 4	2	(\$11,123)	(\$23,608)	0	\$0	7	(\$23,608)
Year 5	2	(\$11,123)	(\$24,080)	0	\$0	7	(\$24,080)
Year 6	2	(\$11,123)	(\$24,561)	0	\$0	7	(\$24,561)
Year 7	2	(\$11,123)	(\$25,053)	0	\$0	7	(\$25,053)
Year 8	2	(\$11,123)	(\$25,554)	0	\$0	7	(\$25,554)
Year 9	2	(\$11,123)	(\$26,065)	0	\$0	7	(\$26,065)
Year 10	2	(\$11,123)	(\$26,586)	0	\$0	7	(\$26,586)

The department will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing our current capacity (27,368) which is habitable, but we do not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the department estimates the cost of constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million plus annual operating costs of approximately \$50 million (requires capital improvements).

The department's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

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

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The enactment of a new crime creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

Officials from the **Department of Commerce and Insurance, Department of Health and Senior Services, Department of Public Safety - Missouri Highway Patrol, Office of the State Courts Administrator, Office of the State Public Defender, City of Kansas City and City of O'Fallon** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other city officials and county officials were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DOC (§196.1170) Increased incarceration costs p.3-4</u>	(\$9,269 to <u>Unknown</u>)	(\$22,691 to <u>Unknown</u>)	(\$23,145 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$9,269 to <u>Unknown</u>)	(\$22,691 to <u>Unknown</u>)	(\$23,145 to <u>Unknown</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act prohibits the preparation, distribution, advertisement, sale, or offering for sale of a kratom product that: (1) is adulterated; (2) is sold to a person under 21 years of age; (3) contains a level of 7-hydroxymitragynine in the alkaloid fraction that is greater than 2% of the alkaloid composition of the product; (4) mimics candy or is appealing to children; or (5) is combustible or intended for vaporization. Kratom products shall contain specified labels that include disclaimers and shall be stored in retail locations in a manner that will not allow the products to be accessed by persons under 21 years of age. A person who violates this provision will be deemed to have engaged in an unlawful practice in violation of the state's Merchandising Practices Act. Additionally, it shall be an infraction for a person to sell a kratom product to a person under 21 years of age, as described in the act.

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

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Corrections
Department of Health and Senior Services
Department of Public Safety - Missouri Highway Patrol
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender
City of Kansas City



Julie Morff
Director
January 27, 2026



Jessica Harris
Assistant Director
January 27, 2026