

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 7668**

**BILL NUMBER: HB 1542**

**NOTE PREPARED:** Jan 16, 2025

**BILL AMENDED:**

**SUBJECT:** Sale of Kratom Consumable Products.

**FIRST AUTHOR:** Rep. Morris

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides for regulation of the sale of kratom consumable products as follows:

- (1) Provides that a person must register with the Indiana State Department of Agriculture (department) in order to manufacture, distribute, or sell a kratom consumable product in Indiana.
- (2) Provides restrictions on the content of specified substances in a kratom consumable product (content restrictions), and provides for:
  - (A) both civil and criminal penalties for violations; and
  - (B) defenses to imposition of a penalty for a violation.
- (3) Prohibits the knowing or negligent sale of a kratom consumable product:
  - (A) to an individual less than 21 years of age;
  - (B) without verifying the age of the purchaser under specified conditions;
  - (C) that violates the content restrictions; or
  - (D) through specified retail displays or locations;and provides for civil penalties, and defenses to the imposition of a civil penalty, for violations.
- (4) Prohibits:
  - (A) a person from knowingly or negligently providing a kratom consumable product to a person less than 21 years of age;
  - (B) a person less than 21 years of age from knowingly or intentionally possessing, purchasing, or attempting to purchase a kratom consumable product;
  - (C) an individual from knowingly or intentionally obtaining or attempting to obtain a kratom consumable product using fraudulent or altered proof of the individual's age or identity; and
  - (D) an individual from knowingly or intentionally allowing another person to use the individual's identification for the purpose of assisting the other person in unlawfully obtaining a kratom consumable product; and provides for criminal penalties for a violation.
- (5) Requires:
  - (A) a manufacturer of a kratom consumable product; and
  - (B) under specified circumstances, a distributor of a kratom consumable product;to have samples of the a kratom consumable product tested for compliance with the content

restrictions, and provides for civil penalties for a violation.

(6) Imposes requirements regarding labeling, packaging, and marketing of kratom consumable products, and provides for civil penalties for a violation.

(7) Requires a person that sells a kratom consumable product in Indiana to provide notice to the department of each variety of kratom consumable product sold by the person in Indiana.

The bill creates the Kratom Regulation Fund for the purpose of funding enforcement of regulations regarding kratom consumable products and provides that: (1) civil penalties collected for violations of regulations regarding kratom consumable products; and (2) registration fees for manufacturers, distributors, and sellers of kratom consumable products; are deposited in the fund.

The bill also makes an appropriation.

**Effective Date:** July 1, 2025.

**Explanation of State Expenditures:** *Kratom Regulation:* The Indiana State Department of Agriculture (ISDA) would have an increase in workload and expenditures to regulate kratom consumable products, manufacturers, distributors, and sellers and administering the Kratom Regulation Fund. The increase in workload and expenditures would be funded through the Kratom Regulation Fund.

The bill creates the Kratom Regulation Fund and provides that it is funded through civil penalties, fees from registrations, and appropriations from the General Assembly. The ISDA will administer the fund. The expenses of the fund are paid from the fund and money in the fund at the end of the fiscal year does not revert to the state General Fund. A continuous appropriation is made for the fund.

**Additional Information** - Kratom is a tropical tree native to Southeast Asia. Its active compounds contain mitragynine and 7-hydroxymitragynine which are considered synthetic drugs in the Indiana Criminal Code. Kratom is not controlled under the Controlled Substances Act. The FDA has not approved Kratom for any medical use.

**Explanation of State Revenues:** *Registration Fee:* The bill would increase revenue to the Kratom Regulation Fund from the fees of registration issuance and renewal. The kratom manufacturer, distributor, or seller and registration lasts for three years. The fee is only scheduled for a kratom manufacturer and the schedule is \$5,000 plus \$200 per discrete kratom product for issuance and renewal. The fee revenue is likely to be small.

*Civil Penalty:* The bill would increase civil penalty revenue to the Kratom Regulation Fund to the extent that ISDA prosecutes alleged violations. The bill creates the following civil penalties and schedules for fines.

It makes a civil penalty of \$1,000, \$5,000 with one pervious violation, and \$7,500 for two previous violations with suspension of registration for manufacturer or distributor who:

- (1) manufactures or distributes a certain kratom consumables,
- (2) tested kratom consumable product by manufacturer, or
- (3) a distributor sending for testing.

The civil penalty may be \$8,000 in lieu of having a civil penalty and suspension.

It makes a civil penalty of \$500, \$750 with one previous violation, \$1,000 for two previous violations, and \$2,000 with 3 violations in a three year time span for:

- (1) selling to under 21 years of age,
- (2) selling without verification,
- (3) selling product that does not meet chemical content requirements,
- (4) displaying restrictions,
- (5) labeling,
- (6) advertizing restrictions, and
- (7) failure of notice of selling.

*Penalty Provision:* The bill makes it a Class B misdemeanor for the following penalties: (1) a person that manufactures, distributes, or sells a kratom consumable product in Indiana without being registered; (2) manufactures or distributes a certain kratom consumables under the age of 21 years old; and (3) possessing, purchasing, or attempting to purchase kratom under the age of 21 years old. If the person assisting the underage person to possess, purchase, or attempt to purchase is over the 21 years old, the penalty is upgraded to a Class A misdemeanor.

If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000 while a Class A misdemeanor is \$5,000. The total fee revenue per case would range between \$113 and \$138. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

**Explanation of Local Expenditures:** *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail while a Class A misdemeanor is punishable up to a year in jail.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, more revenue will be collected by certain local units. If the case is filed in a court of record, the county general fund will receive \$47.40 and qualifying municipalities will receive a share of \$3.60. If the case is filed in a municipal court, the county receives \$30, and the municipality will receive \$46. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

**State Agencies Affected:** Department of Agriculture.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Indiana Supreme Court, Indiana Trial Court Fee Manual.  
Kratom, [https://www.dea.gov/sites/default/files/2020-06/Kratom-2020\\_0.pdf](https://www.dea.gov/sites/default/files/2020-06/Kratom-2020_0.pdf).  
FDA and Kratom, <https://www.fda.gov/news-events/public-health-focus/fda-and-kratom>.

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